



0000051621

Transcript Exhibit(s)

Docket #(s): T-03714A-01-0805

Exhibit #: A-1, A-2, S-1

505 Sansome Street
Suite 900
San Francisco
California 94111

NEW APPLICATION
GOODIN, MACBRIDE,
SQUERI, RITCHIE & DAY, LLP
Attorneys at Law

2585-002
Arizona file
100se bucket
RECEIVED
415/398-4321

Alexandra M. Ozols

October 11, 2001

2001 OCT 15 P 12:11

VIA FEDERAL EXPRESS

AZ CORP COMMISSION
DOCUMENT CONTROL

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2996

DOCKET NO. T-03714A-01-0805

**Re: Tri-M Communications, Inc. d.b.a. TMC Communications
Application and Petition for a Certificate of Convenience and
Necessity to Provide Intrastate Facilities-Based Local Exchange
Services on a Competitive Basis**

Dear Madam or Sir:

Please find enclosed an original plus eleven copies of Tri-M Communications, Inc. d.b.a. TMC Communication's Cover Sheet, Application, and Petition for a Certificate of Convenience and Necessity to Provide Intrastate Facilities-Based Local Exchange Services on a Competitive Basis.

Please file-stamp the extra copy and return it in the self-addressed stamped envelope which has been provided. Should the Commission require any additional information regarding this matter, please do not hesitate to contact me at (415) 392-7900 or at aozols@gmssr.com.

Thank you for your assistance regarding this matter.

Very truly yours,

GOODIN, MACBRIDE,
SQUERI, RITCHIE & DAY, LLP

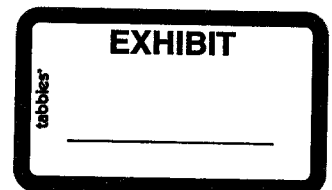
By

Alexandra M. Ozols
Alexandra M. Ozols

cc: Mr. Don Bean (with Enclosures) VIA FEDERAL EXPRESS

2585/002/X04040-1

John Bostwick
[Signature]



COVER SHEET

ARIZONA CORPORATION COMMISSION DOCKET CONTROL CENTER

COMPANY/CASE NAME: Tri-M Communications, Inc. dba TMC Communications

DOCKET NOS: T-03714A-99-

D/B/A or RESPONDENT: _____

NATURE OF ACTION OR DESCRIPTION OF DOCUMENT

Please mark the item that describes the nature of the case/filing:

☒ 01

UTILITIES - NEW APPLICATIONS

- | | | |
|--|-------|---|
| <input checked="" type="checkbox"/> NEW CC&N | _____ | MAIN EXTENSION |
| _____ RATES | _____ | CONTRACT/AGREEMENTS |
| _____ INTERIM RATES | _____ | COMPLAINT (Formal) |
| _____ CANCELLATION OF CC&N | _____ | RULE VARIANCE/WAIVER REQUEST |
| _____ DELETION OF CC&N (TERRITORY) | _____ | SITING COMMITTEE CASE |
| _____ EXTENSION OF CC&N (TERRITORY) | _____ | SMALL WATER COMPANY -SURCHARGE (Senate Bill 1252) |
| _____ TARIFF - NEW (NEXT OPEN MEETING) | _____ | SALE OF ASSETS & TRANSFER OF OWNERSHIP |
| _____ REQUEST FOR ARBITRATION | _____ | SALE OF ASSETS & CANCELLATION OF CC&N |
| _____ (Telecommunication Act) | _____ | FUEL ADJUSTER/PGA |
| _____ FULLY OR PARTIALLY ARBITRATED | _____ | MERGER |
| _____ INTERCONNECTION AGREEMENT | _____ | FINANCING |
| _____ (Telecom. Act.) | _____ | MISCELLANEOUS |
| _____ VOLUNTARY INTERCONNECTION | _____ | Specify _____ |
| _____ AGREEMENT (Telecom. Act) | _____ | |

_____ 02

UTILITIES- REVISIONS/AMENDMENTS TO PENDING OR APPROVED MATTERS

- | | |
|------------------------|--------------------------|
| _____ APPLICATION | _____ TARIFF |
| _____ COMPANY | _____ PROMOTIONAL |
| _____ DOCKET NO. _____ | _____ DECISION NO. _____ |
| | _____ DOCKET NO. _____ |
| | _____ COMPLIANCE |
| | _____ DECISION NO. _____ |
| | _____ DOCKET NO. _____ |

SECURITIES or MISCELLANEOUS FILINGS

- | | |
|---------------------------------------|--|
| _____ 04 AFFIDAVIT | _____ 29 STIPULATION |
| _____ 12 EXCEPTIONS | _____ 38 NOTICE OF INTENT |
| _____ 18 REQUEST FOR INTERVENTION | (Only notification of future action/no action necessary) |
| _____ 48 REQUEST FOR HEARING | _____ 43 PETITION |
| _____ 24 OPPOSITION | _____ 46 NOTICE OF LIMITED APPEARANCE |
| _____ 50 COMPLIANCE ITEM FOR APPROVAL | _____ 39 OTHER |
| _____ 32 TESTIMONY | Specify _____ |
| _____ 47 COMMENTS | |

11/12/01
Date

Tri-M Communications, Inc. dba TMC Communications
Print Name of Applicant/Company/Contact person/Respondent/Atty.
(415) 392-7900
Phone

PLEASE SEE NOTICE ON REVERSE SIDE

(Revision date 05/07/2001)

Atty is Alexandra M. Ozols
(415) 392-7900

ARIZONA CORPORATION COMMISSION

**Application and Petition for a Certificate of Convenience and Necessity to
Provide Intrastate Facilities-Based Local Exchange Services on a Competitive
Basis**

Description of Proposed Services

Applicant seeks to provide facilities based local exchange services on a competitive basis. Applicant intends to utilize unbundled network elements of incumbent local exchange carriers.

A. Company and Telecommunications Service Information

(A-1) The name, address, and telephone number (including area code) of the Applicant:

Tri-M Communications, Inc. dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101
Tel. 805/965-8620

(A-2) If doing business (d/b/a) under a name other than the Applicant name listed above, specify:

TMC Communications

(A-3) The name, address, telephone number, facsimile number and email address of the management contact:

Don Bean
TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101
Tel. 805/965-8620
Fax. 805/965-7822
Email. dbean@tmccom.com

(A-4) The name, address, telephone number, facsimile number, and email address of the Attorney, if any, representing the Applicant:

Alexandra M. Ozols
Goodin, MacBride, Squeri, Ritchie & Day, LLP
505 Sansome Street, Suite 900
San Francisco, CA 94111
Tel. 415/392-7900
Fax. 415/398-4321
Email. aozols@gmssr.com

(A-5) What type of legal entity is the Applicant?

Corporation: X Foreign

(A-6) Include Attachment "A." Attachment "A" must include a copy of the Applicant's authority to transact business in the State of Arizona, as well as a list of name of all owners, partners, limited liability company managers, or corporation officers and directors (Specify), and indicate percentages of ownership.

See Attachment A.

(A-7)

(a) Is your company currently offering any telecommunications services in Arizona? If "yes", list each service offered and provide the date that you began offering each such service in Arizona.

Yes. Applicant received a Certificate of Convenience and Necessity from the Arizona Corporation Commission to provide competitive interLATA/intraLATA toll telecommunications services on a reseller basis. This decision is designated as Decision No. 62281. It was issued on February 1, 2000.

(b) If the answer to question (a) is "no", when does your company plan to begin reselling services in Arizona?

N/A. See (A-7)(a).

(A-8) Include Attachment "B." "Attachment "B", your proposed tariff, must include proposed rates and charges for each service to be provided. State the tariff (maximum) rate as well as the price to be charged, and state other terms and conditions, including deposits, that will apply to the provision of the service(s) by your company.

See Attachment B.

The Arizona Corporation Commission provides pricing flexibility by allowing competitive telecommunications service companies to price their services at levels equal to or below the tariff (maximum) rates. The prices to be charged by the company are filed with the Commission in the form of price lists.

Note: Price list rate changes that result in rates that are lower than the tariff rate are effective upon concurrent notice to the Commission (see Rule R14-2-1109(B)(2)). See Rule

R14-2-1110 for procedures to make price list changes that result in rates that are higher than the tariff rate.

(A-9) The geographic market to be served is:
Statewide

(A-10)

(a) List the states in which you currently offer services similar to those you intend to provide in Arizona.

Applicant does not currently offer services as facilities based competitive local exchange carrier in any state. However Applicant is authorized to provide interexchange services on a reseller basis in the following states; Alaska, Alabama, Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, Washington, and West Virginia.

(b) List the states in which you have been approved to offer services similar to those you intent to provide in Arizona.

Please see (A-10)(a).

(A-11) Provide the name, address, and telephone number of the company's complaint contact person.

Denise Moritz
TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA. 93101
Tel. 888/965-8620

(A-12) Provide a list of states in which you have sought authority to provide telecommunications services and were either granted the authority with major changes and conditions, or had your application for those services denied. For each state listed, provide a copy of the Commission's decision modifying or denying your application for authority to provide telecommunications services.

None

(A-13) Has the company been granted authority to provide or resell telecommunications in any state where subsequently the authority was revoked? If "yes," provide copies of the State Regulatory Commission's decision revoking its authority.

No

(A-14) Has the company been or is the company currently involved in any formal complaint proceedings before any State or Federal Regulatory Commission? If "yes", in which states is the company involved in such proceedings and what is the substance of these

complaints? Also, provide copies of Commission orders that have resolved any of these complaints.

No

(A-15) Has the Applicant been involved in any civil or criminal investigations related to the delivery of telecommunications services within the last five years? If "yes", in which states has the Applicant been involved in investigations and why is the Applicant being investigated

No

(A-16) Has the applicant had judgement entered against it in any civil matter or been convicted of criminal acts related to the delivery of telecommunications services within the last five years? If yes, list the states where judgement or conviction was entered and provide a copy of the court order.

No

B. Technical Information

(B-1) Explain in detail what actions the Applicant has taken to ensure that basic exchange to Applicant's customers will not be interrupted in the event Applicant ceases to do business.

TMC Communications intends to provide its services using unbundled network elements acquired from the incumbent LEC. Therefore, all facilities required for the ILEC (or any other UNE-based CLEC) to provide continued service in the event that the applicant stops doing so will be in place.

C. Financial Information

(C-1) Include Attachment "C". Attachment "C" must include a copy of your Company's balance sheet, income statement, audit report (if audited) and all related notes to these financial statements for the two most recent years your Company has been in business.

Please see Attachment C.

(C-2) If your Company does not have financial statements for the two most recent years, please give the date your Company began operations.

N/A

(C-3) If the balance sheets you submit do not have retained earnings accounts, please provide this account information on a separate sheet.

N/A

(C-4) If your Company is a subsidiary, please provide your Parent Company's financial statements, in addition to your Company's financial statements.

Applicant is not a subsidiary.

(C-5) If your Company intends to rely on the financial resources of its Parent Company, please provide a written statement from your Parent Company attesting that it will provide complete financial backing if your Company experiences a net loss or a business failure. This statement should also affirm that it will guarantee repayment of customers' advances, prepayments, or deposits held by your Company if, for some reasons, your Company cannot provide service or repay the deposits.

Applicant is not a subsidiary.

2585/002/X25510-1

EXHIBIT A

MANAGEMENT PROFILE

As a reseller, Applicant's interLATA and intraLATA service will be provided through the resale of inbound and outbound services purchased by Applicant in bulk from one or more authorized carriers. Applicant's proposed operations will be directed by the following team:

John Marsch, CEO In 1982, John Marsch formed his first telecommunications company, TMC of California, one of the first long distance resellers in California. By the end of the decade, TMC Cal had more than 180 employees and was the largest reseller in California. In January 1990, Marsch sold TMC Cal. After the sale of TMC Cal, Marsch was precluded from direct participation in the telecom industry for several years by the terms of a non-compete agreement. During that time, he participated in the organization and financing of several successful real estate ventures in California and did other consulting work with entrepreneurial ventures. In 1996, Marsch wrote the business plan and developed the financing and financial infrastructure for STAR Telecommunications, a start-up international wholesale reseller. He went on to serve as Chief Operating Officer, Chief Financial Officer and Executive V.P. of International Development. Marsch also invested in and serves as a Director of LCR Telecommunications, PLC one of the largest telecommunications resellers in the U.K. LCR markets services to small and medium sized businesses throughout the U.K.

Bernadette Richardson, President Ms. Richardson joined TMC in November 1997 as Director of Business Development. In February of 1998, she was promoted to President of TMC. Prior to joining TMC, Ms. Richardson was Director of Marketing and Product Development for HCC Telemanagement, a Ventura California based long distance reseller. During her five year tenure at HCC, she successfully expanded the product line from a single product offering to a full range of products. She was also integral in the expansion of the customer and independent agent bases from a regional presence to a nationwide operation.

Denise Moritz, Vice-President of Operations B.S. Economics, Cal Poly State University. Ms. Moritz began her telecommunications career in 1984 as an administrator for TMC Cal. She was promoted through several positions in Operations and Customer Service and became Director of Operations, Southern Region. After the sale of TMC Cal., Ms. Moritz began working with TMC and continued her service in key administrative jobs including order fulfillment, customer service and billing.

Charlie Nautly, Vice-President of Sales B.A. Economics, University of Southern California. Mr. Nautly joined TMC in June of 1998. He comes to TMC from IXC Communications where he most recently held the position of Carrier Executive for two years. Mr. Nautly has an extensive background in the telecommunications industry, including four years as a National Account Manager with MCI and five years as an Account Executive for Pacific Bell.

Applicant believes that the foregoing demonstrates that Applicant's operations are well-planned and that Applicant is fully capable of establishing successful operations and bringing new and efficiently priced telecommunications options to the marketplace. Accordingly, Applicant submits that it has shown its managerial ability to successfully carry out the proposed service.

Tri-M Communications
Common Stock Ownership
As of 7/31/98

	Issued & Outstanding		Unexercised	Fully
	Shares	%	Options	Diluted %
Marsch, John	1,070,000	98.53%	-	73.40%
Gibbons, John	1,000	0.09%	14,286	1.05%
Moritz, Denise	4,000	0.37%	57,143	4.19%
Ruffin, Danny	3,000	0.28%	42,857	3.15%
Richardson, Bernadette	3,000	0.28%	88,714	6.29%
Day, Tristan	3,000	0.28%	42,857	3.15%
Gross, Sheri	2,000	0.18%	28,571	2.10%
Ireland, Ron	-	0.00%	45,857	3.15%
Naulty, Charlie	-	0.00%	51,560	3.54%
Totals	1,086,000	100.00%	371,845	100.00%

Arizona Corporation Commission
BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

FEB 01 2000

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
TRI-M COMMUNICATIONS, INC. D/B/A TMC
COMMUNICATIONS FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE INTERLATA/INTRALATA
RESOLD TELECOMMUNICATIONS SERVICES
EXCEPT LOCAL EXCHANGE SERVICES.

DOCKET NO. T-03714A-99-0124

DECISION NO. 62281

ORDER

Open Meeting
January 25 and 26, 2000
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On March 3, 1999, TRI-M Communications, Inc. d/b/a TMC Communications ("TRI-M" or "Applicant") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide interLATA/intraLATA telecommunications services, except local exchange services, as a reseller within the State of Arizona.

2. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") were public service corporations subject to the jurisdiction of the Commission.

3. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101 through R14-2-1115 to regulate resellers.

4. Applicant is a California corporation, authorized to do business in Arizona since 1997.

5. Applicant is a switchless reseller and in its application stated that it plans to utilize various underlying facilities-based providers.

1 6. On September 24, 1999, the Commission's Utilities Division Staff ("Staff") filed a
2 Staff Report.

3 7. In the Staff Report, Staff stated that Applicant provided financial statements for the
4 year ended September 30, 1998, which indicated assets of \$2.12 million, retained earnings of (\$1.51
5 million) and stockholders equity of (\$1.02 million). Additionally, Applicant reported a net loss of
6 (\$1.33 million) on revenues of \$2.93 million. Based on the foregoing, Staff believed that Applicant
7 lacks adequate financial resources to make necessary plant additions or incur operating losses.
8 Accordingly, the Applicant filed a letter on September 10, 1999, that it does not currently, and will
9 not in the future, charge its customers for any prepayments, advances, or deposits. If at some future
10 date, the Applicant wishes to charge customers any prepayments, advances, or deposits, it must file
11 information with the Commission that demonstrates the Applicant's financial viability. Staff believes
12 that if the Applicant experiences financial difficulty, there should be minimal impact to its customers.
13 Customers are able to dial another reseller or facilities-based provider to switch to another company.

14 8. The Staff Report stated that Applicant has no market power and the reasonableness of
15 its rates would be evaluated in a market with numerous competitors.

16 9. Staff recommended that:

17 (a) Applicant's application for a Certificate should be approved without a hearing
18 subject to A.A.C. R14-2-1106.B;

19 (b) Applicant's intrastate toll service offerings should be classified as competitive
20 pursuant to A.A.C. R14-2-1108;

21 (c) Applicant's competitive services should be priced at the effective rates set
22 forth in Applicant's tariffs and the maximum rates for these services should be the
23 maximum rates proposed by Applicant in its tariffs. The minimum rates for
24 applicant's competitive services should be Applicant's long-run incremental costs of
25 providing those services as set forth in A.A.C. R14-2-1109; and

26 (d) Applicant should be required to comply with the Commission's rules and
27 modify its tariffs to conform with the rules if it is determined there is a conflict
28 between Applicant's tariffs and the Commission's rules.

29 10. By Procedural Order dated November 17, 1999, the Commission set a deadline of
30 January 5, 2000, for filing exceptions to the Staff Report; requesting that a hearing be set; or
31 requesting intervention as interested parties.

32 11. Applicant provided notice to interested parties as required in the November 17, 1999

1 Procedural Order and published notice of its filing as required pursuant to A.A.C. R14-2-1104.

2 12. No exceptions were filed to the Staff Report, nor did any party request that a hearing
3 be set.

4 CONCLUSIONS OF LAW

5 1. Applicant is a public service corporation within the meaning of Article XV of the
6 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

7 2. The Commission has jurisdiction over Applicant and the subject matter of the
8 application.

9 3. Notice of the application was given in accordance with the law.

10 4. Applicant's provision of resold interLATA/intraLATA telecommunications services is
11 in the public interest.

12 5. Applicant is a fit and proper entity to receive a Certificate for providing competitive
13 interLATA/intraLATA telecommunications services as a reseller in Arizona.

14 6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be
15 adopted.

16 ORDER

17 IT IS THEREFORE ORDERED that the Application of TRI-M Communications, Inc. for a
18 Certificate of Convenience and Necessity for authority to provide competitive interLATA/intraLATA
19 toll telecommunications services shall be, and the same is hereby granted.

20 IT IS FURTHER ORDERED that TRI-M Communications, Inc. shall comply with the Staff
21 recommendations set forth in Findings of Fact No. 9.

22 IT IS FURTHER ORDERED that the modified tariffs shall be filed within 30 days from the
23 effective date of this Decision.

24 IT IS FURTHER ORDERED that TRI-M Communications, Inc. shall not be authorized to
25 charge customers any prepayments, advances, or deposits. In the future if TRI-M Communications,
26 Inc. desires to initiate such charges, it must first file information with the Commission that
27 demonstrates the company's financial viability or establish an escrow account equal to the amount of
28 any prepayments, advances, or deposits. Staff shall then review the information provided and file its

1 recommendation concerning financial viability within thirty days of receipt of the financial
2 information, for Commission approval.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

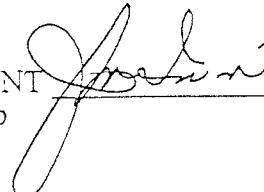
5
6 
7 CHAIRMAN

COMMISSIONER


COMMISSIONER

8
9
10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
11 Secretary of the Arizona Corporation Commission, have
12 hereunto set my hand and caused the official seal of the
13 Commission to be affixed at the Capitol, in the City of Phoenix,
14 this 1st day of February, 2000.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

15
16 DISSENT 
SG:dap

1 SERVICE LIST FOR:

TRI-M COMMUNICATIONS, INC. dba TMC
COMMUNICATIONS

2

3 DOCKET NO.

T-03714A-99-0124

4

5 Regina M. DeAngelis
GOODIN, MACBRIDE, SQUERI, RITCHIE, & DAY, LLP
505 Sansome Street, Suite 900
6 San Francisco, California 94111

7

8 Ron Ireland
TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, California 93101

9

10 Lyn Farmer, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
Phoenix, AZ 85007

12

13 Deborah Scott, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
Phoenix, AZ 85007

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EXHIBIT B

Tariff Schedule
Applicable to
Arizona Intrastate
Telephone Communications
of
TRI-M COMMUNICATIONS, INC.
dba TMC COMMUNICATIONS

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

TARIFF CHECKING SHEET

Current sheets in this tariff are as follows:

<u>Sheet</u>	<u>Revision</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

PRELIMINARY STATEMENT

This tariff contains all effective rates and rules together with information relating to and applicable to TRI-M Communications, Inc. dba TMC Communications (the "Company").

The Company provides 24-hour interLATA and intraLATA intrastate telephone services between points in Arizona.

SYMBOLS USED IN THIS TARIFF

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase.
- (L) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule, or condition.

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

SERVICE AREA MAP

The Company intends to provide bundled local and long distance service within the State of Arizona.

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

APPLICABILITY

This tariff applies to 24-hour interLATA and intraLATA intrastate bundled telephone service in Arizona.

TERRITORY

Within the State of Arizona, as authorized by the Arizona Corporation Commission.

NOTES

- (1) Calls that begin in one rate period and terminate in another will be rated according to the rate in effect at the time the calls begin.
- (2) Call duration is measured from the time hardware or software supervision indicates a connection between the calling and called stations.
- (3) Time Periods:
The Day period is Monday through Friday, from 8:00 a.m. to 4:59 p.m. The Evening period is Monday through Friday, from 5:00 p.m. to 10:59 p.m. The Night/Weekend period is Monday through Friday, from 11:00 p.m. to 7:59 a.m., and Saturday, from 8:00 a.m. to Sunday at 10:59 p.m.

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

RATES SCHEDULES

I. Business Package 1.

1. This basic package contains 4-6 lines in its bundle.
2. The price of this basic package is \$259.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 6000 local minutes.
5. The basic package includes 2000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

II. Business Package 2.

1. This basic package contains 7-9 lines in its bundle.
2. The price of this basic package is \$389.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 8000 local-minutes.
5. The basic package includes 3000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

RATES SCHEDULES (Cont'd)

III. Business Package 3.

1. This basic package contains 10-12 lines in its bundle.
2. The price of this basic package is \$509.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 10,000 local minutes.
5. The basic package includes 4000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

IV. Business Package 4.

1. This basic package contains 13-15 lines in its bundle.
2. The price of this basic package is \$639.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 12,000 local minutes.
5. The basic package includes 5000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

TAXES AND CHARGES

In addition to the charges specifically pertaining to the Company's services, certain federal, state, and municipal surcharges, taxes, and fees will be applied. These surcharges, taxes and fees are calculated based upon the amount billed to the end user for the Carrier's intrastate services.

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

RULES

Rule 1 – Definitions

1. Accounting Code: A multi-digit code which enables a customer to allocate long distance charges to its internal accounts.
2. Applicant: The term "Applicant" means an individual, partnership, corporation, association, or government agency who applies to the Company for any new or additional service.
3. Authorization Code: A multi-digit code which enables a customer to access the Company's network and enables the Company to identify the customer's use for proper billing.
4. Business Hours: The phrase "Business Hours" means the time after 8:00 A.M. and before 5:00 P.M., Monday through Friday excluding holidays.
5. Carrier: The term "Carrier" means TRI-M Communications, Inc. dba TMC Communications.
6. Commission: The term "Commission" means the Public Utilities Commission of the State of Arizona.
7. Company: The term "Company" means TRI-M Communications, Inc. dba TMC Communications.
8. Completed Call: The term "Completed Call" means a call which the Company's network has determined has been answered by a person, answering machine, fax machine, computer modem device, or other mechanical answering devices.
9. Customer: See definition under "Subscriber".
10. Day: The term "Day" means 8:00 A.M. to 4:59 P.M. local time at the originating city, Monday through Friday, excluding Company-specific holidays.

ISSUED: October 12, 2001

BY: John Marsch
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EFFECTIVE:

RULES (Cont'd)

Rule 1 – Definitions (Cont'd)

11. Delinquent or Delinquency: The terms "Delinquent" and "delinquency" mean an account for which payment has not been paid in full on or before the last day for timely payment.
12. Evening: The term "Evening" means 5:00 P.M. to 10:59 P.M. local time at the originating city, Monday through Friday and on Company-specified holidays except when a lower rate would normally apply.
13. Exchange Area: The term "Exchange Area" means a geographically defined area wherein the telephone industry through the use of maps or legal descriptions sets down specified areas where individual telephone exchange companies hold themselves out to provide communication services.
14. Holiday: The term "Holiday" means all Company-specific holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Friday after Thanksgiving Day, and Christmas Day.
15. Local Access Transport Area ("LATA"): The phrase "Local Access Transport Area" means a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 17-49, within which a local exchange company provides communication services.
16. Local Exchange Carrier/Local Exchange: This term means a company providing telecommunications service within a local exchange or LATA.

ISSUED: October 12, 2001

BY: John Marsch
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125 E. De La Guerra, Suite 201
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EFFECTIVE:

RULES (Cont'd)

Rule 1 – Definitions (Cont'd)

17. Night/Weekend: The words "Night/Weekend" mean 11:00 P.M. to 7:59 A.M. local time in the originating city, Saturday, from 8:00 A.M. to Sunday at 10:59 P.M.
18. Nonbusiness Hours: The phrase "Nonbusiness Hours" means the time period after 5:00 P.M. and before 8:00 A.M., Monday through Friday, all day Saturday, Sunday, and on holidays.
19. Regular Billing: The words "Regular Billing" mean a standard bill sent in the normal Company billing cycle. This billing consists of one bill for each account assigned to a subscriber.
20. Residential Service: The phrase "Residential Service" means telecommunication services used primarily as nonbusiness service.
21. Service: The term "Service" means any telecommunications service provided by the company under these schedules.
22. Subscriber: The term "Subscriber" means the firm, company, corporation, or other entity which contracts for service under this tariff and which is responsible for the payment of charges as well as compliance with Company's regulations pursuant to this tariff. The term "customer" is synonymous with the term "subscriber."
23. Switch: The term "Switch" means an electronic device which is used to provide circuit routing and control.
24. Timely Payment: The term "Timely Payment" means a payment on a customer's account made on or before the due date.

ISSUED: October 12, 2001

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EFFECTIVE:

RULES (Cont'd)

Rule 2 – Description of Service

The Company provides 24-hour interLATA and intraLATA intrastate telephone services to both residential and business customers between points in Arizona.

Rule 3 - Application for Service

- A. Applicants requesting new or additional services from the Company may be required to provide identification acceptable to the Company and to sign a completed service order. In addition, Applicants may be required to meet credit or deposit requirements as set forth in this tariff.
- B. Applicants whose requests for service are accepted by the Company are responsible for all charges for services provided by the Company, including any charges to the Company assessed by any underlying Company for special arrangements or services undertaken on the Applicant's behalf. In the event an Applicant cancels, changes, defers, or modifies any request for service before the service commences, the Applicant remains responsible for any nonrecoverable costs incurred by the Company in meeting the Applicant's request prior to cancellation, change, deferral, or modification, including any charges to the Company assessed by any underlying carrier for special arrangements or services undertaken on the Applicant's behalf. Notwithstanding the foregoing, an Applicant will not be liable for any charges or nonrecoverable costs that were not disclosed to the Applicant by the Company before initiating service.

Rule 4 - Contracts

The company and a Subscriber may enter into a contract for service to be provided under a specified rate plan for a specified term, which term may be automatically renewed if agreed to by parties. Unless otherwise provided, contracts may be terminated by the Subscriber only upon providing the Company with 30 days' advance written notice. In the event the effective date of termination is prior to the end of the current contract term, the Subscriber will be liable for a termination fee equal to the sum of the recurring service charges specified for the remainder of the contract.

Rule 5 – Reserved

RULES (Cont'd)

Rule 6 - Establishment and Reestablishment of Credit

Each Applicant must provide credit information satisfactory to the Company or pay a deposit.

A. A deposit will not be required if:

1. The Applicant provides a credit history acceptable to the Company. (Credit information contained in an Applicant's account record may include, without limitation, account establishment date, 'can-be-reached' number, name of employer, employer's address, driver's license number or other acceptable personal identification, billing name, and location of current and previous service. Credit will not be denied for failure to provide a social security number.)
2. A cosigner or guarantor with a credit history acceptable to the Company agrees in writing to be responsible for all charges.

B. The Company will not refuse a deposit to establish credit for service. However, the Company may request the deposit to be in cash or another acceptable form of payment (e.g., cashier's check, money order, bond, letter of credit.)

Rule 7 - Deposits and Advance Payments

A. Deposits:

1. Requirement: The Company may require an Applicant or an existing Subscriber who fails to establish a satisfactory credit history to post a deposit as a guarantee for the payment of charges as a condition to receiving or continuing to receive service or additional services. The Company reserves the right to review an Applicant's or Subscriber's credit history at anytime to determine if a deposit is required.
2. Amount: The amount of the deposit will not exceed the charges for two months of service based on the Applicant's or Subscriber's average bills during the previous twelve months. When, in the Company's judgment circumstances so require, the amount of the deposit may be based on an estimate of two month's service determined from the Subscriber's past usage, the Subscriber's own estimate of expected usage, or the Company's network average usage considering the type and nature of the Subscriber's service.
3. Nondiscrimination: Deposit requirements will not be based on race, sex, creed, national origin, marital status, age, number or dependents, condition of physical handicap, source of income, or geographical area of business.

ISSUED: October 12, 2001

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EFFECTIVE:

RULES (Cont'd)

Rule 7 - Deposits and Advance Payments (Cont'd)

A. Deposits: (Cont'd)

4. Refund or Credit: Upon discontinuance of service or prompt and timely payment of all charges for twelve consecutive billing periods, whichever comes first, the Company will refund the deposit together with any interest due. In the case of discontinuance of service, the Company will credit the deposit to the charges stated on the final bill. The balance, if any, will be returned to Subscriber within 30 days after the discontinuance of service. In the case a refund is due after timely payment of the Company's charges, the Company will refund the deposit and interest within 30 days. Payment of a charge is satisfactory if received prior to the date that the charge becomes delinquent provided that it is not returned for insufficient funds or closed account.
5. Interest: Simple interest at the rate of 7% per annum will be applied to the deposit, except under the following conditions: no interest shall be given if the Subscriber has received two or more notices of discontinuance of service within a 12-month period.

B. Advance Payments:

1. At the time an application for service is made, an Applicant may be required to pay an amount equal to one month's service charges and applicable service connection charges. The amount of the first month's service charges and applicable service connection charges will be credited to the Subscriber's account on the first bill rendered.
2. Negotiation of a subscriber's advance payment shall not itself obligate the Company to provide services or continue to provide service if a later check of Applicant's credit record is unacceptable to the Company and no deposit has been tendered. In the event that service is not provided, the advance payment will be refunded.

RULES (Cont'd)

Rule 8 – Notices

A. General

1. Unless otherwise provided by these Rules, any notice by the Company to a Subscriber may be given verbally or by written notice mailed to the Subscriber's last known address. Where written notice is given, the notice will be of a legible size and printed in a minimum point size type of 10. Mailed notices will be deemed given on the date of mailing as shown by the postmark on the notice or envelope that contains the notice.
2. Unless otherwise provided by these Rules, any notice by a Subscriber or its authorized representative may be given verbally to the Company by telephone or at the Company's business office or by written notice mailed to the Company's business office.

B. Rate Information

Rate information and information regarding the terms and conditions of service will be provided in writing upon request by an Applicant or Subscriber. Notice of major increases in rates will be provided in writing to Subscribers and postmarked at least 30 days prior to the effective date of the increase. No Subscriber notice is required for minor rate increases or for rate decreases. In addition, Subscribers will be advised of changes to the terms and conditions of service no later than the Company's next billing cycle.

C. Discontinuance of Service

Subscribers are responsible for notifying the Company of their desire to discontinue service on or before the date of disconnection. Such notice may be either verbal or written.

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

RULES (Cont'd)

Rule 10 - Disputed Bills

- A. Any disputed charge must be brought to the Company's attention by written notification within 30 days of the customer's receipt of the bill upon which the disputed charge appears.

The contact person at the Company is Mr. Ron Ireland, TRI-M Communications, Inc. dba TMC Communications, 1421 State Street, Suite C, Santa Barbara, California 93101, Tel: (800) 965-8620.

Customers may also contact the Arizona Corporation Commission at 1200 West Washington Street, Phoenix, Arizona, 85007.

- B. In the case of a billing dispute between the customer and the Carrier which cannot be settled to their mutual satisfaction, the undisputed portion and subsequent bills must be paid on a timely basis, as described in Rule 9, or the service may be subject to disconnection.
- C. The customer may request an in-depth investigation into the disputed amount and a review by a Company manager within 30 days of the disputed bill's billing date.

Rule 11 - Discontinuance and Restoration of Service

A. Discontinuance by Subscriber

1. A Subscriber may have service discontinued upon 10 days notice to the Company. Notices will be deemed received upon actual receipt by the Company. Subscribers remain responsible for payment of all bills for services furnished.
2. If a Subscriber cancels his order for service before the service begins, a \$10.00 charge will be levied upon the Subscriber for the nonrecoverable portions of expenditures or liabilities incurred expressly on behalf of the Subscriber by the corporation.
3. No minimum or termination charge will apply if service is terminated because of condemnation, destruction, or damage to the property by fire or other causes beyond the control of the Subscriber.

RULES (Cont'd)

Rule 11 - Discontinuance and Restoration of Service

A. Discontinuance by Subscriber (Cont'd)

4. Upon termination, pre-subscribed Subscribers may be held responsible for charges thereafter if the Subscriber has not selected an alternative long distance Company or the local exchange has not transferred service to the alternative Company because such a Subscriber may continue to receive service from the Company.

B. Discontinuance by the Company

1. The Company will follow the appropriate state requirements.
 - (a) The Company may discontinue service under the following circumstances:
 - (i) Nonpayment of any sum due to the Company for service more than 30 days beyond the date of the invoice for such service. In the event the Company terminates service for nonpayment, the Subscriber will be liable for all reasonable costs of collection including court costs, expenses, and actual attorney's fees.
 - (ii) A violation of, or failure to comply with, any regulation governing the furnishing of service.
 - (iii) An order from a court or from another government authority having jurisdiction which prohibits the Company from furnishing service.
 - (iv) Failure to post a required deposit or guarantee.
 - (v) In the event that the Subscriber supplied false or inaccurate information of a material nature in order to obtain service.
 - (vi) Incurring charges not covered by a deposit or guarantee and evidencing an intent not to pay such charges when due.
 - (vii) Any violation of the conditions governing the furnishing of service.
 - (viii) For lack of use by the Subscriber for three full billing cycles.
 - (b) Service may be refused or disconnected in the event of illegal use. The Company may disconnect service for this reason after sending written notice certified mail to the Subscriber's last known address.

RULES (Cont'd)

Rule 11 - Discontinuance and Restoration of Service (Cont'd)

C. Notice of Disconnection

1. Written notice of the pending disconnection will be rendered not less than 5 days prior to the disconnection. Notice shall be deemed given upon deposit, first class postage prepaid, in the U.S mail to the Subscriber's last known address;
2. Service may be discontinued during business hours on or after the date specified in the notice of discontinuance. Service will not be discontinued on a day when the offices of the Company are not available to facilitate reconnection of service or on a day immediately preceding such a day.

D. Restoration of Service

The Subscriber may restore service by full payment in any reasonable manner including by personal check. However, the Company may refuse to accept a personal check if a Subscriber's check for payment of service has been dishonored, excepting bank error, within the last twelve months. There is a \$25.00 charge for restoration of service after disconnection.

Rule 12 - Information to be Provided to the Public

- A. A copy of this tariff schedule and advice letters will be available for public inspection in the Company's business office during regular business hours.
- B. A copy of this tariff will be provided by Company's business office upon request for a nominal cost to cover postage and copying fees.

Rule 13 - Reserved

Rule 14 - Continuity of Service

In the event of foreknowledge of an interruption of service for a period exceeding 24 hours, the Subscribers will be notified in writing by mail at least one week in advance.

Rule 15 - Reserved

RULES (Cont'd)

Rule 16 – Reserved

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

RULES (Cont'd)

Rule 16 – Reserved

ISSUED: October 12, 2001

BY: John Marsch
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dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

RULES (Cont'd)

Rule 16 - Reserved

Rule 17 - Use of Service for Unlawful Purposes

The services tariffed are furnished subject to the condition that they will not be used for any unlawful purposes. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used or are likely to be used in violation of the law. If the Company receives other evidence giving reasonable cause to believe that such services are being or are likely to be so used, it will either discontinue or deny the services or refer the matter to the appropriate law enforcement agency.

Rule 18 - Unauthorized Use

Any individual who uses or receives the Company's service, other than under the provisions of an accepted application for service and a current Subscriber relationship, shall be liable for both the tariffed cost of the service received and the Company's cost of investigation and collection.

Rule 19 - Collection Cost

If any Subscriber hereto fails to perform any of such Subscriber's payment obligations, the Subscriber shall pay any and all collection costs and expenses incurred by the Company in enforcing or establishing its rights hereunder, including, without limitation, court costs, arbitration costs, and actual attorney's fees.

2585/002/X28241-1

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

EXHIBIT C

TRI-M COMMUNICATIONS, INC. duu
TMC COMMUNICATIONS
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Cash	\$ 852,544	\$ 219,697
Accounts receivable, net of allowance for doubtful accounts of \$100,000 and \$50,000, respectively	2,290,345	1,910,908
Prepaid expenses and other	24,731	23,279
Prepaid commissions	183,160	154,162
Current portion of note receivable	18,000	18,000
Total Current Assets	<u>3,368,780</u>	<u>2,326,046</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>115,567</u>	<u>208,289</u>
OTHER ASSETS		
Note receivable, net of current portion	4,900	22,900
Deferred income taxes	22,000	28,100
Prepaid expenses and other	6,000	0
Total Other Assets	<u>32,900</u>	<u>22,900</u>
TOTAL ASSETS	<u>\$ 3,517,247</u>	<u>\$ 2,557,235</u>
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,050,340	\$ 1,974,448
Customer deposits	19,700	26,635
Income taxes payable	4,316	2,750
Lines of credit	0	300,000
Note payable	0	131,875
Total Current Liabilities	<u>3,074,356</u>	<u>2,435,708</u>
LONG-TERM LIABILITIES		
Note payable to stockholder	1,520,072	1,620,072
Deferred bonus	29,500	0
Total Long-term Liabilities	<u>1,549,572</u>	<u>1,620,072</u>
Total Liabilities	<u>4,623,928</u>	<u>4,055,780</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock, no par value: 10,000,000 shares authorized, 1,080,000 and 1,083,333 issued and outstanding, respectively	505,211	506,877
Accumulated deficit	(1,611,892)	(1,977,322)
Total Stockholders' Deficit	<u>(1,106,681)</u>	<u>(1,470,445)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 3,517,247</u>	<u>\$ 2,585,335</u>

TRI-M COMMUNICATIONS, INC. 2a
TMC COMMUNICATIONS
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>		<u>1999</u>	
REVENUES, NET	\$ 14,215,522	100.00 %	\$ 11,421,897	100.00 %
COST OF REVENUES	<u>8,699,690</u>	<u>61.20</u>	<u>7,531,181</u>	<u>65.94</u>
Gross Profit	5,515,832	38.80	3,890,716	34.06
OPERATING EXPENSES	<u>4,479,072</u>	<u>31.51</u>	<u>3,667,552</u>	<u>32.10</u>
INCOME FROM OPERATIONS	1,036,760	7.29	223,164	1.96
OTHER EXPENSE				
Interest, net	182,630	1.28	201,703	1.77
Repurchase of stock options	<u>180,428</u>	<u>1.27</u>	<u>0</u>	<u>0.00</u>
Total Other Expense	<u>363,058</u>	<u>2.55</u>	<u>201,703</u>	<u>1.77</u>
INCOME BEFORE INCOME TAXES	673,702	4.74	21,461	0.19
INCOME TAXES	<u>11,048</u>	<u>0.08</u>	<u>3,550</u>	<u>0.03</u>
NET INCOME	<u>\$ 662,654</u>	<u>4.66 %</u>	<u>\$ 17,911</u>	<u>0.16 %</u>

COMMISSIONER JIM IRVIN

CHAIRMAN WILLIAM A. MUNDELL

COMMISSIONER MARC SPITZER

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION BY TRI-
M COMMUNICATIONS, INC. dba TMC
COMMUNICATIONS FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY TO
PROVIDE COMPETITIVE
TELECOMMUNICATIONS SERVICES WITHIN
THE STATE OF ARIZONA.

DOCKET NO.

PETITION

GOODIN, MACBRIDE, SQUERI,
RITCHIE & DAY, LLP
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San Francisco, CA 94111
Telephone: (415) 392-7900
Facsimile: (415) 398-4321

Date: October 12, 2001

Attorneys for TRI-M Communications, Inc. dba
TMC Communications

COMMISSIONER JIM IRVIN

CHAIRMAN WILLIAM A. MUNDELL

COMMISSIONER MARC SPITZER

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION BY TRI-M COMMUNICATIONS, INC. dba TMC COMMUNICATIONS FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF ARIZONA.

DOCKET NO.

PETITION

Petitioner, Tri-M Communications, Inc. dba TMC Communications ("TMC or Applicant"), a California corporation, hereby files this Petition for Classification of its Local Exchange Services and IntraLATA Toll Services as Competitive as part of its Application for a Certificate of Public Convenience and Necessity ("CC&N") from the Arizona Corporation Commission (the "Commission") to operate as a public service corporation and to provide these and other services on a resale and/or facilities basis.

I. INTRODUCTION

The Commission's rule require that an Applicant seeking to provide competitive telecommunications services shall, as part of its Application, "petition the Commission for a determination that the intraLATA service being provided or to be provided is competitive.¹ The Petition must set forth the certain conditions within the relevant market that demonstrate that the telecommunications service is competitive.

II. MARKET CONDITIONS RENDERING NEW COMPANY'S SERVICES COMPETITIVE

The following discussion demonstrates that TMC's local exchange and intraLATA toll services are competitive. However, in providing this information, TMC does not waive its right to assert the rights and privileges contained in the federal Telecommunications Act of 1996.

1. Description of general economic conditions

The relevant product market that TMC will enter is the market for local exchange service and intraLATA toll service. The relevant geographic market is the entire state of Arizona. This market is currently being dominated by incumbent LECs such as US West, the entrenched incumbent LECs have virtually 100% of the market share. In other words, most any customers currently desiring to obtain local exchange service must be served by the incumbent LECs. TMC by its Application, will be seeking to provide local exchange service in Arizona on a competitive basis. TMC, therefore, will face daunting competition from the incumbent LECs.

The relevant market is also characterized by significant barriers to entry. The following are some of the main barriers to entry to the local exchange market:

The incumbent LECs have a ubiquitous network, hereto constructed and maintained through payments from its captive monopoly ratepayer base. A new entrant certainly cannot duplicate this network in its entirety in the short term, nor would it likely in the long term. This network represents an extremely significant competitive advantage for the incumbent LECs that previously accrued to it by virtue of its government-sanctioned monopoly franchise.

The switched local exchange business is a capital-intensive one: a single switch

¹ R14-2-1104(B).

and appurtenant facilities costs, approximately \$10 million and only a company with access to significant capital can enter the market. Perhaps the most obvious indication of this fact is this Commission's requirement of access to significant financial resources in order for a company to be certified to provide competitive local services.

The incumbent LECs are currently a vertically integrated business with bottleneck control of critical essential inputs, most importantly the local loop. The lack of access to unbundled local loops (as well as other essential inputs) is one of the most formidable barriers to entry into the relevant market.

The switched local exchange market is characterized by significant economies of scale. A new entrant cannot, at least initially, provide service on the same scale as the incumbent LEC, and therefore is likely to be forced to pay higher costs in the short term.

In addition to having name recognition and an established business relationship with every customer in the market, anyone who watches television or listens to the radio in Arizona is aware that incumbent LECs have engaged in extensive advertising to bolster their name recognition and product differentiation.

Initially, once competitors are actually operational, the small portion of the relevant market not retained by the incumbent LECs will be fragmented amongst numerous providers. Developments in other states that have permitted and facilitated local exchange competition indicate that, at a minimum, at least several new entities will seek to compete in the same geographic market. In general a market characterized by market fragmentation provides a monopolist with greater market power than a market in which only one or two new entrants compete.

While this is not an exhaustive description of the traditional barriers to entry in to

the relevant market, these barriers, combined with the incumbent LEC's initial 100% market share, confirm beyond any doubt that the services offered by TMC should be classified as competitive.

2. Number of Alternative Providers of Service

As discussed above, there is currently only one primary monopolist provider of switched local exchange service in each relevant market and additional entities have or will be seeking to enter the relevant market.

3. Estimated Market Share of Each Alternative Provider

The initial estimated market share of the incumbent LEC is greater than 95%. Other alternative providers will share the remaining 5% of the market.

4. Affiliated Alternative Providers of the Service

TMC is not affiliated with any other telecommunications company.

5. The ability of Alternative Providers to Make Functionally Equivalent or Substitute Service Readily Available at Competitive Rates, Terms, and Conditions

The incumbent LEC, as a monopolist benefiting from the significant barriers to entry discussed above, will have the ability to make and will make functionally equivalent or substitute service readily available at competitive rates, terms and conditions.

6. Other Indicators of Market Power

See discussion above in part 1 regarding barriers to entry into the local exchange market.

III. CONCLUSION

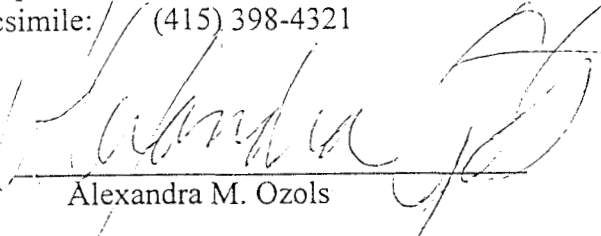
TMC respectfully petitions the Commission to declare TMC's switched local exchange and intraLATA toll services as competitive.

Respectfully submitted this October 12, 2001 at San Francisco, California.

GOODIN, MACBRIDE, SQUERI,
RITCHIE & DAY, LLP

John L. Clark
Alexandra M. Ozols
505 Sansome Street, Suite 900
San Francisco, California 94111
Telephone: (415) 392-7900
Facsimile: (415) 398-4321

By


Alexandra M. Ozols

Attorneys for TRI-M Communications,
Inc. dba TMC Communications

2585/002/X25519-1

505 Sansome Street
Suite 900
San Francisco
California 94111

GOODIN, MACBRIDE,
SQUERI, RITCHIE & DAY, LLP
Attorneys at Law

2585-002

Code

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415/392-7900
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415/398-4321

John L. Clark

December 5, 2001

Writer's Direct Line
415/765-8443

VIA FEDERAL EXPRESS

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2996

Re: Docket No. T-03714A-01-0805

Enclosed please find for filing an original plus eleven copies of this letter, a Filings Cover Sheet, and Amendment to Application for Certificate of Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Exchange Access Telecommunications Services by Tri-M Communications, Inc. d/b/a TMC Communications.

Please file-stamp the extra copy and return it in the enclose self-addressed stamped envelope. If you have any questions or require additional information, please contact me at (415) 765-8443 or at jclark@gmsr.com.

Thank you for your assistance regarding this matter.

Very truly yours,

John Clark
John Clark

Enc.

2585/002/X29787-1



ARIZONA CORPORATION COMMISSION

**Amendment to Application for Certificate of Convenience and
Necessity to Provide Competitive Facilities-Based and Resold Local
Exchange and Exchange Access Telecommunications Services by
Tri-M Communications, Inc. d/b/a TMC Communications**

Tri-M Communications, Inc. d/b/a TMC Communications ("Applicant") hereby submits the following revisions and amendments to its application in response to Staff's First Set of Data Requests. By this amendment, Applicant also expands the scope of authority requested to include resold local exchange and exchange access telecommunications services. Therefore, in addition to providing the information requested by Staff in its data request, Applicant has included in this amendment information pertaining to the additional services following its responses to Staff's data requests. Finally, Applicant has included updated information for its management contact and its counsel.

I. INFORMATION IN RESPONSE TO STAFF DATA REQUEST

1. You indicated that you want to provide:

 x Facilities-based local exchange services, voice and/or data
(answer items 1-13 and items 14-32)

Applicant also seeks authority to provide the following services:

 x Resold local exchange services (Applicant has included
additional information relating to this request as items 33-to 43, which
correspond to items 36-46 in the Commission's published list of
information required for CC&N applications)

2. Provide facsimile number (including area code) of the Applicant.

805-965-8620

Provide the e-mail address of the Applicant.

Dbean@tmccom.com

Provide the Web address (if one is available for customer access) of the Applicant.

www.tmccom.com

3. Please provide the name of the Company's complaint contact person.

Denise Moritz

Provide the address of the Company's complaint contact person.

**TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101**

Provide the telephone number (including area code) of the Company's complaint contact person.

805-965-8620

Provide facsimile number (including area code) of the Company's complaint contact person.

805-965-7822

Provide the e-mail address of the Company's complaint contact person.

Dmoritz@tmccom.com

4. Please identify the type of legal entity the Applicant is:

Corporation please indicate type: __ "S", x "C", __ Non-profit, __
please indicate domicile: __ Arizona, x Foreign

A certified copy of Applicant's Articles of Incorporation is attached as Attachment A. Also included in Attachment A is a copy of Applicant's authority to conduct business in the state of Arizona

5. You provided us with a copy of your proposed tariffs as Attachment "B".

Applicant has attached as Attachment B a revised set of proposed tariffs.

Indicate by reference to page number(s) the proposed rates and charges for each service to be provided.

Indicate by reference to page number(s) the tariff (maximum) rate as well as the price to be charged:

<u>Service</u>	<u>Maximum Charges</u>	<u>Initial Prices</u>
Business Services	pp. 24- 28	pp. 47-49
Residential Services	pp. 29-31	p. 50
Custom Calling Services	p. 36	p. 51
Directory	p. 37 (no charge)	n.a.
Non-Published Service	p. 37	p. 52
Directory Assistance	p. 38	p. 52
900/976 Blocking	p. 40	p. 52
PIC Selection	p. 42	p. 52
Changes, Discontinuation, Suspension, Restoral	p. 43	p. 53
Switched Access	p. 46	p. 54

Indicate by reference to page number(s) the terms and conditions that will apply to provision of the service(s) by your Company.

The general terms and conditions that will apply to Applicant's services are shown on pages 6-23 of the proposed tariff.

Indicate by reference to page number(s) the deposits, advances, and/or prepayments that will apply to provision of the service(s) by your Company.

The Company will not require deposits, advances, or prepayments.

6. Please indicate if your customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

Yes.

7. You have provided us with a balance sheet and an income statement for the two most recent years as Attachment "C".

Provide us with a copy of your Company's audit report (if audited) in Attachment "C".

A copy of the Company's audit report is attached as Attachment C

Provide all related notes to these financial statements for the two most recent years that your Company has been in business in Attachment "C".

A copy of all related notes to the financial statements is included in Attachment C.

8. Please provide retained earnings account information on the balance sheet or on a separate sheet in Attachment "C".

Retained earnings ("stockholders' deficit") information is included in Attachment C.

9. Please indicate if your customers will be required (or have the option) to pay advances, prepayments, or deposits for any of your products or services.

No.

If "yes", provide an explanation of how and when these customer advances, prepayments, or deposits will be applied or reference the terms and conditions section of your Company's tariffs (by reference to page number(s)) with this explanation. If this information is not explained in the tariff, provide it on a separate sheet.

Not applicable.

10. Please state the proposed fee that will be charged for returned checks.

\$25.00

11. Please clarify and indicate by reference to page number(s) in your tariff your Company's deposit policy.

Not applicable. The Company will not require deposits, advances, or prepayments.

12. Please submit copies of affidavits of publications that the Company has, as required, published legal notice of the application in all counties where services will be provided. Prior to the issuance of a CC&N, the Applicant is to complete and submit the following:

A correspondence letter. Refer to the Sample Correspondence Letter in the Legal Notice Material;

Affidavits of publication form. Refer to the Sample Proof of Publication and an Affidavit of Publication in the Legal Notice Material; and

The actual copy of your Company's published Legal Notice as noted in the Legal Notice Material.

Applicant will submit the required correspondence letter, affidavits, and legal notice by separate filing.

13. Based on the review of the financial information submitted, Staff will determine whether or not the Applicant lacks sufficient financial resources.

If Staff determines the Applicant lacks sufficient financial resources, the Applicant must do one of the following:

1. Staff recommends that the Applicant procure a performance bond equal to \$10,000. The minimum bond amount of \$10,000 should be increased if at any time it would be insufficient to cover prepayments or deposits collected from the Applicant's customers. Staff further recommends that proof of the above mentioned performance bond be docketed within 90 days of the effective date of an order in this matter or 30 days prior to the provision of service, whichever ever comes first. If the Applicant is currently providing service, then please docket the performance bond within 60 days of the date of this letter.

(Note: The minimum bond amount for each type of telecommunication services is as follows: resold long distance \$10,000; resold local exchange \$25,000; facilities-based long distance \$100,000; and facilities-based local exchange, including access service, \$100,000. The amount of performance bond for multiple services is an aggregate of the minimum bond amount for each type of telecommunications services requested by the Applicant.)

OR

2. The Applicant must file a letter stating that it does not currently, and will not in the future, charge its customers for any prepayments, advances, or deposits. If the Applicant is currently collecting prepayments, advances,

or deposits, the Applicant must refund those charges to customers to avoid maintaining the above mentioned performance bond. If in the future, the Applicant desires to charge prepayments, advances, or deposits, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.

The Applicant does not currently, and will not in the future, charges its customers for any prepayments, advances, or deposits. If in the future, the Applicant desires to charge prepayments, advances, or deposits, it will file information with the Commission that demonstrates Applicant's financial viability.

14. Please indicate if your Company is currently selling facilities-based local exchange telecommunications services in Arizona. This applies to Applicant requesting a geographic expansion of their CC&N.

No.

If "yes", please provide the date or approximate date you began selling facilities-based local exchange telecommunications services in Arizona.

Not applicable.

Identify the types of facilities-based local exchange telecommunications services you resell.

Not applicable.

Identify whether operator services are provided or sold.

No.

Identify whether operator services are provided or sold to traffic aggregators (as defined in A.A.C. Rule R14-2-1001 (3)).

No.

Identify the number of customers in Arizona for each type of facilities-based local exchange telecommunications service.

Not applicable.

Identify the total number of facilities-based local exchange intrastate minutes sold in the latest 12-month period for which data is available.

Not applicable.

If "no", please indicate the date when your Company plans to begin selling facilities-based local exchange telecommunications services in Arizona.

Applicant intends to begin selling facilities-based local exchange telecommunications services in Arizona immediately upon receiving authority to do so.

15. Please list the states in which you have applied for authority to offer facilities-based local exchange telecommunications services.

California.

16. Please indicate the facilities-based local exchange telecommunications services you applied for in each state.

Applicant applied for authority to provide all types of facilities-based local exchange services in California (the California Public Utilities Commission does not require applicants to specify the types of local exchange services they will provide).

17. Please list the states in which you have been approved to offer facilities-based local exchange telecommunications services similar to those you intend to sell in Arizona.

California.

18. Please list the states in which you currently offer facilities-based local exchange telecommunications services similar to those you intend to sell in Arizona.

California.

19. Please provide a list of the states in which you have sought authority to sell facilities-based long distance telecommunications services and either granted the authority with major changes and conditions, or had grant your application for those services denied.

None.

For each state listed, provide a copy of the Commission's decision modifying or denying your application for authority to provide facilities-based local exchange telecommunications services.

Not applicable.

20. Please indicate if the Company has been granted authority to provide or sell facilities-based local exchange telecommunications services in any state where subsequently the authority was revoked.

No.

If "yes", provide copies of the State Regulatory Commission's decision revoking its authority.

Not applicable.

21. Please list and give a detailed explanation of complaints you have received (if any) regarding facilities-based local exchange telecommunications services offered in other states.

None.

State what actions were taken to remedy these complaints and to prevent them from occurring again.

Not applicable.

22. Please indicate if your Company is a switchless seller of facilities-based local exchange telecommunications services

Applicant does not currently sell any local exchange services in Arizona. However, following receipt of the requested authorizations, Applicant may resell local exchange services of QWEST Corporation on a switchless basis.

If "yes", provide the name of the company or companies whose facilities-based local exchange telecommunications services you sell.

Applicant does not currently sell any local exchange services in Arizona. However, following receipt of the requested authorizations, Applicant may resell local exchange services of QWEST Corporation on a switchless basis.

If "no" include Attachment "H".

Attached as Attachment H is a diagram showing the unbundled network element ("UNE")-based basic call network that Applicant intends to use to provide intrastate facilities-based exchange services in Arizona. This diagram shows how a typical call is routed in both its originating and terminating ends (i.e. shows the access network and call completion network). Also included on the diagram is the carrier(s) used for each major network component and an indication if the carrier is facilities-based or not. If the carrier is not facilities-

based, the diagram indicates who owns the facilities (within the State of Arizona) that are used to originate and terminate the Applicant's intrastate telecommunications traffic.

23. Please provide a detailed description of the interconnection agreement(s) your Company has with other facilities-based local exchange carriers to ensure your network is properly connected to other facilities-based local exchange company networks. Unless the Company provides services solely through the use of its own facilities, the Company needs to procure an interconnection agreement that is consistent with established guidelines before being allowed to offer facilities-based local exchange service.

Applicant has not yet entered into an interconnection agreement. Applicant currently intends to provide its facilities-based services using, solely, combinations of unbundled network elements acquired from QWEST Corporation. Applicant will use the existing interconnections between QWEST Corporation and other local exchange carriers to complete traffic to and from such carriers.

24. Please indicate how your Company plans to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases before it begins to provide local exchange service. Since callers should be able to determine the telephone numbers belonging to customers of alternative local exchange companies, such as the Applicant; please make sure your plan answers the following questions:

Indicate the need for one or more Directory Assistance database administrators.

If there is one Directory Assistance database administrator, what should the rates be to include customers' telephone numbers in the directories?

Indicate the specific items that should be included in the Directory Assistance database.

Applicant will contract with U.S. West to ensure that its customers' telephone numbers are included in QWEST Corporation's directories and directory assistance databases. As Applicant will be providing local exchange services utilizing QWEST Corporation UNEs or by reselling QWEST Corporation services, the necessary data, including telephone number, name, and address for each listed subscriber, will be included automatically in the applicable databases through the QWEST Corporation service ordering process. Consequently, Applicant has no need for a directory assistance database administrator.

25. Please provide a detailed description of how your Company will administer the portability of telephone numbers.

As Applicant will be providing local exchange services utilizing QWEST Corporation UNEs or by reselling QWEST Corporation services, all number portability administration will be handled by QWEST Corporation.

If your service area will include rate centers in one of the top 100 Metropolitan Statistical Areas, please confirm that your switches will be equipped with Local Number Portability ("LNP").

As Applicant will be providing local exchange services utilizing QWEST Corporation UNEs or by reselling QWEST Corporation services, Applicant must rely on QWEST Corporation to provide LNP. Applicant assumes that all QWEST Corporation switches are properly equipped to do so.

Indicate in your description the permanent LNP arrangements made with other local exchange carriers ("LECs"), the Number Portability Administrative Center ("NPAC") or other industry agency that are consistent with federal laws, federal rules and state orders or rules.

As Applicant will be providing local exchange services utilizing QWEST Corporation UNEs or by reselling QWEST Corporation services, Applicant must rely on QWEST Corporation to administer LNP. Applicant assumes that QWEST Corporation will properly perform all necessary queries and route traffic to ported numbers in accordance with all applicable regulatory requirements and intercarrier agreements.

26. Please indicate that your Company intends to abide by the quality of service standards that were approved by the Commission for USWC in Docket No. T-01051B-93-0183 (Decision No. 59421).

Yes.

27. Please indicate that your Company will provide all customers with 911 and E911 service, where available and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide the service.

Yes, as Applicant will be providing facilities-based local exchange services utilizing QWEST Corporation UNEs it will have the capability to provide, and will provide, 911 and E911 services through existing QWEST Corporation facilities and arrangements.

28. Please indicate that your Company intends to abide by all the Commission decisions and policies regarding Caller ID and other Custom Local Area Signaling Services ("CLASS").

Yes.

29. Please indicate by reference to page number(s) in your Company's tariff that there is no Call Blocking charge.

Caller I.D. Blocking is included in the statement of prices at page 51 of the proposed tariff and "no charge" is indicated for that service.

30. Please provide your Operating Company Number ("OCN").

Applicant's OCN (resale) is 5894 and its OCN (UNE-P is 5893)

31. Please indicate the rate centers you plan on requesting initial codes for.

None at this time. (Applicant's current plans are to provide facilities-based local exchange services solely through UNEs).

Please provide the number of codes you plan on requesting in each rate center.

None at this time. (Applicant's current plans are to provide facilities-based local exchange services solely through UNEs).

32. Please indicate that your Company's switch is "fully equal access capable" (i.e. would provide equal access to facilities-based long distance companies).

Applicant's current plans are to provide facilities-based local exchange services solely through UNEs obtained from QWEST Corporation. Applicant assumes that all QWEST Corporation switches are fully equal access capable.

II. ITEMS APPLICABLE TO RESOLD LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

33. Please indicate if your Company is currently reselling local exchange telecommunications services in Arizona.

No.

If "yes", please provide the date or approximate date you began reselling local exchange telecommunications services in Arizona.

Not Applicable.

Identify the types of local exchange telecommunications services you resell.

Not applicable.

Identify whether operator services are provided or resold.

No.

Identify whether operator services are provided or resold to traffic aggregators (as defined in A.A.C. Rule R14-2-1001 (3)).

No.

Identify the number of customers in Arizona for each type of resold local exchange telecommunications service.

Not applicable.

Identify the total number of local exchange intrastate minutes resold in the latest 12-month period for which data is available.

Not applicable.

If "no", please indicate the date when your Company plans to begin reselling local exchange telecommunications services in Arizona.

Applicant intends to begin reselling local exchange services in Arizona immediately following its receipt of authorization to do so.

34. Please list the states in which you have applied for authority to offer resold local exchange telecommunications services.

California

35. Please indicate the resold local exchange telecommunications services you applied for in each state.

Applicant applied for authority to provide all types of resold local exchange services in California (the California Public Utilities Commission does not require applicants to specify the types of local exchange services they will provide).

36. Please list the states in which you have been approved to offer resold local exchange telecommunications services similar to those you intend to resell in Arizona.

California.

37. Please list the states in which you currently offer resold local exchange telecommunications services similar to those you intend to resell in Arizona.

Applicant's local exchange services in California are offered without distinction between those that are provided on a resold basis and those that are provided on a facilities-based basis. Currently, Applicant is not providing any local exchange services through resale in California.

38. Please provide a list of the states in which you have sought authority to resell local exchange telecommunications services and either granted the authority with major changes and conditions, or had your application denied.

None.

For each state listed, provide a copy of the Commission's decision modifying or denying your application for authority to provide resold local exchange telecommunications services.

Not applicable.

39. Please indicate if the Company has been granted authority to provide or resell local exchange telecommunications services in any state where subsequently the authority was revoked.

No.

If "yes", provide copies of the State Regulatory Commission's decision revoking its authority.

Not applicable.

40. Please list and give a detailed explanation of complaints you have received (if any) regarding resold local exchange telecommunications services offered in other states.

None.

State what actions were taken to remedy these complaints and to prevent them from occurring again.

Not applicable.

Please indicate if your Company is a switchless reseller of local exchange telecommunications services.

No. However, Applicant intends to resell QWEST Corporation local exchange telecommunications services on a switchless basis.

If "yes", provide the name of the company or companies whose local exchange telecommunications services you resell.

Applicant intends to resell QWEST Corporation local exchange telecommunications services on a switchless basis.

41. Please list the companies with which you have signed resale agreements for local exchange, along with the states in which they were approved.

Pacific Bell Telephone Company (for California)

42. Please provide us with a copy of the resale agreement or contract between your Company and the applicable local exchange service provider. All applications for resold local exchange telecommunications services must include a resale agreement or contract as Attachment "F".

Applicant has not yet entered into an agreement with QWEST for resale of local exchange service; however, Applicant expects that its agreement will be in the form of QWEST's latest "statement of generally applicable terms" ("SGAT").

III. UPDATED CONTACT INFORMATION

43. Please provide the name of the management contact.

Don Bean, President

44. Provide the address of the management contact.

**TMC Communications
1180 Iron Point Road, Suite 210
Folsom, California 95630**

45. Provide the telephone number (including area code) of the management contact.

916-294-3901

46. Provide facsimile number (including area code) of the management contact.

888-965-8622

47. Provide the e-mail address of the management contact.

Dbean@tmccom.com

48. Please provide the name of the Attorney and/or Consultant representing the Applicant.

John Clark

49. Provide the address of the Attorney and/or Consultant representing the Applicant.

**Goodin, Mac Bride, Squeri, Ritchie & Day, LLP
505 Sansome Street, Suite 900
San Francisco, CA 94111**

50. Provide the telephone number (including area code) of the Attorney and/or Consultant representing the Applicant.

415-765-8443

51. Provide facsimile number (including area code) of the Attorney and/or Consultant representing the Applicant.

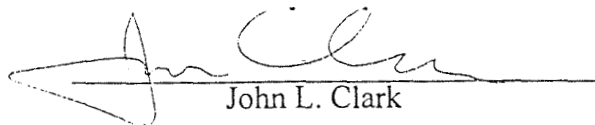
415-398-4321

52. Provide the e-mail address of the Attorney and/or Consultant representing the Applicant.

jclark@gmsr.com

Dated: December 5, 2001

John L. Clark
GOODIN, MACBRIDE, SQUERI,
RITCHIE & DAY, LLP
505 Sansome Street, Suite 900
San Francisco, California 94111
Tel: 415-765-8443
Fax: 415-398-4321
E-mail: jclark@gmsr.com



John L. Clark

Attorneys for Applicant

EXHIBIT A

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****TRI-M COMMUNICATIONS, INC.*****

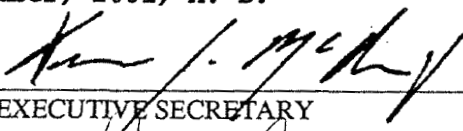
a foreign corporation organized under the laws of California did obtain authority to transact business in the state of Arizona on the 12th day of December 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 30th Day of November, 2001, A. D.




EXECUTIVE SECRETARY

BY: 

State of California

OFFICE OF THE SECRETARY OF STATE



I, BILL LADNER, Secretary of State of the State of California,
do hereby certify:

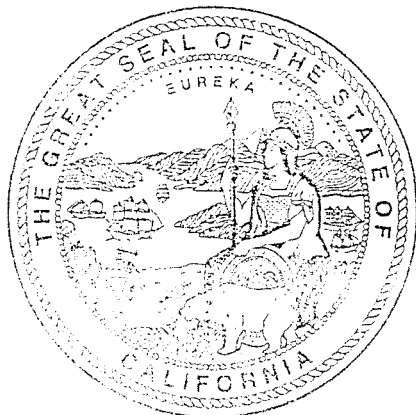
A true and correct transcript of 5 page(s) was
prepared by and in this office from the record on file, of
which it purports to be a copy, and that it is full, true
and correct.

IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal of
the State of California this day of

NOV 30 2001

Bill Ladner

Secretary of State



2012280

FILED *SV*
In the office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION
OF
TRI-M COMMUNICATIONS, INC.

MAY 30 1997

Bill Jones
BILL JONES, Secretary of State

ARTICLE I

The name of this Corporation is TRI-M COMMUNICATIONS, INC.

ARTICLE II

The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

The name and address in the State of California of this Corporation's initial agent for service of process is:

Michael E. Pfau, Esq. *C/o*
Reicker, Clough, Pfau & Pyle LLP
1421 State Street, Suite B
Santa Barbara, California 93101

ARTICLE IV

This Corporation is authorized to issue only one class of stock, which shall be designated Common Capital Stock, and the total number of shares which this Corporation is authorized to issue is Two Hundred Thousand (200,000).

ARTICLE V

The liability of the directors of this Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE VI

Subject to the limits on excess indemnification set forth in Section 204 of the Corporations Code, the Corporation is authorized to indemnify its agents (as that term is defined in Section 317 of the Corporations Code) for breaches of duty to the Corporation and its shareholders through bylaw provisions, agreements with its agents, the vote of disinterested shareholders or disinterested directors, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the Corporation Code.

Dated: May 29, 1997



Michael E. Pfau
Incorporator

A508286

2012280
CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

FILED
in the office of the Secretary of State
of the State of California

MAY 8 1998

BERNADETTE RICHARDSON and DENISE MORITZ certify that:

Bill Jones
BILL JONES, Secretary of State

1. They are the President and Secretary, respectively, of TRI-M COMMUNICATIONS, INC., a California corporation.

2. Article IV of the Articles of Incorporation of this corporation is amended to read as follows:

ARTICLE IV

"This Corporation is authorized to issue only one class of stock, which shall be designated Common Stock, and the total number of shares which this Corporation is authorized to issue is Ten Million (10,000,000)."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, Corporations Code. The total number of outstanding shares of this corporation is Eighty-Six Thousand (86,000). The number of shares voting in favor of the amendment equal or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

5/6/98

Date

Bernadette Richardson

Bernadette Richardson, President

5/6/98

Date

Denise Moritz

Denise Moritz, Secretary

C 2012280

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

FILED *du*
In the Office of the Secretary of State
of the State of California

SEP 24 2001

Bill Jones
BILL JONES, Secretary of State

JOHN M. GIBBONS and DENISE MORITZ certify that:

1. They are the President and Secretary, respectively, of TRI-M COMMUNICATIONS, INC., a California corporation.
2. Article IV of the Articles of Incorporation of this corporation is amended to read as follows:

ARTICLE IV

Section 1. AUTHORIZED CLASS AND NUMBER OF SHARES. This Corporation is authorized to issue only one class of shares of stock, which shall be denominated "Common Stock," and subject to Section 2(b) of this Article IV, the total number of shares of Common Stock which this Corporation is authorized to issue is Ten Million (10,000,000).

Section 2. SERIES OF COMMON STOCK. The shares of this Corporation's Common Stock shall be issued in two (2) series.

(a) **NUMBER OF EACH SERIES.** The Corporation is authorized to issue (i) Nine Million Seven Hundred Thousand (9,700,000) shares of Series A Common Stock, and (ii) Three Hundred Thousand (300,000) shares of Series B Common Stock.

(b) **SERIES A COMMON STOCK: RECLASSIFICATION OF OUTSTANDING SHARES OF COMMON STOCK.** Effective upon the filing of this Certificate of Amendment, each outstanding share of Common Stock shall be reclassified as "Series A Common Stock."

(c) **VOTING RIGHTS.** Except to the extent that the provisions of the California Corporations Code expressly require that any class or series of shares be entitled to vote upon any matter described therein, (i) only the holders of outstanding shares of Series A Common Stock shall be entitled to any voting rights with respect to their shares, and (ii) the holders of outstanding shares of Series B Common Stock shall not have any voting rights whatsoever.

(d) **OTHER RIGHTS OF HOLDERS.** Except as expressly set forth in the foregoing Section 2(c) of this Article IV, the rights, preferences, and privileges of and limitations on the holders of Common Stock solely in their capacity as holders of such Common Stock shall be identical.

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, Corporations Code. The total number of outstanding shares of this corporation is One Million Eighty-five Thousand Two Hundred Eighty-six (1,085,286). The number of shares voting in favor of the amendment equal or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

9-17-01

Date

9-17-01

Date

John M. Gibbons
John M. Gibbons, President

Denise R. Moritz
Denise Moritz, Secretary



EXHIBIT B

Tariff Schedules
Applicable to
Resold and Facilities-Based
Arizona Intrastate Local Exchange
Telephone Services
of
Tri-M Communications, Inc.
d/b/a TMC Communications

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

TARIFF CHECKING SHEET

Current sheets in this tariff schedule CLC 1-T are as follows:

<u>Sheet</u>	<u>Revision</u>	<u>Sheet</u>	<u>Revision</u>
Title	Original	31	Original
1	Original	32	Original
2	Original	33	Original
3	Original	34	Original
4	Original	35	Original
5	Original	36	Original
6	Original	37	Original
7	Original	38	Original
8	Original	39	Original
9	Original	40	Original
10	Original	41	Original
11	Original	42	Original
12	Original	43	Original
13	Original	44	Original
14	Original	45	Original
15	Original	46	Original
16	Original	47	Original
17	Original	48	Original
18	Original	49	Original
19	Original	50	Original
20	Original	51	Original
21	Original	52	Original
22	Original	53	Original
23	Original	54	Original
24	Original		
25	Original		
26	Original		
27	Original		
28	Original		
29	Original		
30	Original		

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

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ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

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ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

PRELIMINARY STATEMENT

This tariff schedule contains effective rates and rules together with information relating to and applicable to intrastate local exchange services provided by Tri-M Communications, Inc. d/b/a TMC Communications (the "Company") in Arizona.

SYMBOLS USED IN THIS TARIFF

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase.
- (L) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule, or condition.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES

Rule 1 - Definitions

Unless the context otherwise requires or, in the case of a special contract, other definitions apply, the following definitions govern the meaning of terms used in this tariff and in special contract for local exchange service.

Applicant: The term "Applicant" means an individual, partnership, corporation, association, or government agency who applies to the Company for any new or additional telephone service.

Base Rate Area: The term "base rate area" means a closely built up section of an exchange area as shown in the effective and current tariffs of the Incumbent LECs.

Business Hours: The phrase "business hours" means the time after 8:00 A.M. and before 5:00 P.M., Monday through Friday excluding holidays.

Commission: The term "Commission" means the Arizona Corporation Commission.

Company: The term "Company" or "Utility" means Tri-M Communications, Inc. d/b/a TMC Communications.

Customer: The term "Customer" is synonymous with the term "Subscriber" and means the firm, company, corporation, or other entity that contracts for service under this tariff or, as set forth herein, is otherwise responsible for the payment of charges and compliance with the Company's regulations. Customers include, without limitation, interexchange carriers who utilize the Company's facilities to complete calls from or to end users served by the Company.

Day: The term "Day," when used for purposes of applying rates, means 8:00a.m. to 5:00p.m., Monday through Friday, including Legal Holidays.

Delinquent or Delinquency: The terms "delinquent" and "delinquency" refer to an account for which payment has not been paid in full on or before the last day for timely payment.

Evening: The term "Evening," when used for purposes of applying rates, means 5:00p.m. to 11:00p.m., Monday through Friday, including Holidays.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
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Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 1 - Definitions (Cont'd)

Holiday: The term "Holiday" means New Year's Day (January 1), Washington's Birthday (3rd Monday in February), Independence Day (July 4), Labor Day, Thanksgiving Day, and Christmas Day (December 25).

Interexchange carrier: The term "interexchange carrier" means a provider of telecommunications service between local calling areas.

Local Calling Area: The term "local calling area" means the local calling area as described in the current and effective tariffs of the Incumbent LECs within whose serving area the Subscriber is located.

Local Access Transport Area ("LATA"): The phrase "Local Access Transport Area" means a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 820192.

Night: The term "Night," when used for purposes of applying rates, means 11:00p.m. to 8:00a.m., Monday through Friday, including Holidays.

Non-Published or Unlisted Service: The term "non-published" or "unlisted" service means service that is not accompanied by inclusion of the Subscriber's name, address, or telephone number in a published directory or directory assistance data base.

Subscriber: See definition of "Customer."

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 2 - Description of Service

- A. The Company provides residential and business local exchange telephone services and associated access services between points within the base rate areas of local exchanges served by Incumbent LECs as shown in their current and effective tariffs.

B. Demarcation

The Company does not undertake, by this tariff, to provide, maintain, repair, or operate any wiring, equipment, facilities, or service on the Subscriber's side of the minimum point of entry as determined by the Company in accordance with applicable regulations established by the Federal Communications Commission. In the event that Subscriber reports a service problem that is determined to be due to one or more causes on Subscriber's side of the point of demarcation, Subscriber shall pay the Company its prevailing minimum charge for premises visits, plus its charges (also at its prevailing rates) for any labor and materials expended in repairing the problem.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 3 – Application for Service

- A. Applicants requesting new or additional services from the Company may be required to provide identification acceptable to the Company. In addition, Applicants will be required to meet the Company's credit requirements.
- B. Service initiation requires a written agreement between the Company and the Applicant.
- C. Applicants whose requests for service are accepted by the Company are responsible for all charges for services provided by the Company, including any charges to the Company assessed by any underlying carrier for special arrangements or services undertaken on the Applicant's behalf. In the event an Applicant cancels, changes, defers, or modifies any request for service before the service commences, the Applicant remains responsible for any nonrecoverable costs incurred by the Company in meeting the Applicant's request prior to cancellation, change, deferral, or modification, including any charges to the Company assessed by any underlying carrier for special arrangements or services undertaken on the Applicant's behalf.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 4 - Contracts

The Company and a Subscriber may enter into a contract for service to be provided under a specified rate plan for a specified term, which term may be automatically renewed if agreed to by parties. Unless otherwise provided, contracts may be terminated by the Subscriber only upon providing the Company with 30 days' advance written notice. Except as otherwise provided in the contract, in the event the effective date of termination is prior to the end of the current contract term, the Subscriber will be liable for a termination fee equal to the sum of the recurring service charges specified for the remainder of the contract.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 5 - Information Set Forth on Bills

The Company will be identified on each bill. Each bill for telephone service will contain notations concerning the following areas:

1. Monthly charge for basic exchange service including delineation of the following: (a) total charge for customer requested services and/or equipment; (b) Installation costs or other service fees, where applicable; (c) reconnect fee, where applicable.
2. Toll charges broken down to include the following details by toll call: (a) date of call; (b) time of call; (c) location called; (d) phone number called; (e) duration of call; (e) indication of any rate class applied.
3. Miscellaneous charges and credits shall be shown separately.
4. Any taxes included in the Customer's billing.
5. Total amount due and due date.
6. Past due amount.
7. Utility telephone number.
8. Customer's name.
9. Service account number.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 6 - Establishment and Reestablishment of Credit

Each Applicant must provide credit information satisfactory to the Company.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 7 - Deposits and Advance Payments

The Company does not require or accept deposits or advance payments to establish service.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 8 - Notices

A. General

Unless otherwise provided by these Rules, any notice required to be given by a Subscriber to the Company must be given by written notice mailed to the Company's business office.

B. Rate and Other Information

Rate information and information regarding the terms and conditions of service, including the Company's policies and Commission rules regarding termination of service, billing and collection, and handling of complaints will be provided in writing within 60 days of Subscriber's request therefor. The Company will notify affected Customers of any tariff changes within 60 days. b.

C. Discontinuance of Service

1. Subscribers are responsible for notifying the Company of their desire to discontinue service at least 3 days before the date of disconnection.
2. Notices by the Company to discontinue service for cause will be provided in writing by first class mail to the Subscriber not less than 5 calendar days prior to termination. Each notice will include all of the following information:
 - a. The name, telephone number, and address of the Subscriber.
 - b. The Company rule or regulation that was violated and explanation thereof or the amount of the bill that the Subscriber has failed to pay in accordance with the payment policy of the Company, as applicable.
 - c. The date on or after which service may be terminated and, if applicable, the date when payment must be made in order to avoid termination.
 - d. The telephone number of the Company's representative who can provide additional information regarding any deferred billing or other procedures that the Company may offer or to work out some other mutually agreeable solution to avoid termination of the Subscriber's service.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 9 - Rendering and Payment of Bills

- A. Subscribers' bills are issued monthly. The Subscriber will receive bills on or about the same day of each month. Months are presumed to have 30 days. The billing date is dependent on the billing cycle assigned to the Subscriber. Each bill contains monthly recurring charges and usage charges, which are billed in arrears, and the last date for timely payment, which date will be displayed prominently on the bill. Recurring charges will be prorated in the event that the service for which the charges are made is less than 30 days.
- B. Bills are due and payable on the date of mailing as specified on the bill. Bills may be paid by mail or in person at the Company's business office or an agency authorized to receive such payment. All charges for service are payable only in United States currency. Payment may be made by cash, check, money order, or cashier's check.
- C. Subscribers' payments are considered prompt when received by the Company or its agent within 15 days of the due date. Payments will be credited within 24 hours of receipt by the Company or its agent. The due date is the date the bill is mailed, as shown by the postmark on the billing envelope, or such later date as set forth on the Subscriber's bill. A Subscriber will have 15 days from the due date to timely pay the charges stated. The last date for timely payment will be displayed prominently on the bill.
- D. However, if a Subscriber's service has been discontinued within the past 12 months or if a Subscriber incurs usage charges during a billing period that exceed the Company's credit limit established for the Subscriber, immediate payment may be demanded for the usage charges by a telephone call to the Subscriber followed by written notification of such demand sent by first class mail. If the usage charges remain unpaid for seven days after written notification, service may be suspended or terminated by the Company.
- E. Charges deemed delinquent will be subject to a late payment charge accruing at the rate of 1-1/2% per month from the due date on all delinquent amounts.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 10 - Disputed Bills

In the event a Subscriber disputes the amount of a bill for the Company's service, the Company will, at the Subscriber's request, conduct an investigation and review of the disputed amount. In order to avoid terminate or suspend of service for nonpayment, the Subscriber must notify the company of the dispute and pay the undisputed portion of the bill within 15 days of the due date. Within 5 days of receiving such notice, the Company will notify the Subscriber that it is investigating the dispute. The Company will not terminate or suspend service prior to completion of its investigation. Upon completing its investigation, the Company shall promptly notify the Subscriber of the results of the investigation. If the Company determines that the Subscriber owes all or any part of the disputed amount, it shall so inform the Subscriber and notify the Subscriber that service may be terminated if the payment is not made within 5 days. Such notice shall advise the Subscriber that the Subscriber has the right to appeal the Company's decision to the Commission.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 11 - Discontinuance and Restoration of Service

A. Discontinuance by Subscribers

1. Subscribers may discontinue service by giving the Company proper notice as specified in Rule 8. The Subscriber is responsible for payment of all charges incurred for the period during which service is rendered.
2. No minimum or termination charge will apply if service is terminated because of condemnation, destruction, or damage to the property by fire or other causes beyond the control of the Subscriber.

B. Discontinuance by the Company

1. The Company may discontinue service under the following circumstances:
 - (i) Nonpayment of any sum due to the Company for service more than 22 days beyond the due date. In the event an action is brought for nonpayment, the nonprevailing party may be liable for reasonable court costs and attorney's fees as determined by the Commission or by the court.
 - (ii) A violation of, or failure to comply with, any regulation governing the furnishing of service.
 - (iii) In the event that the Subscriber supplied false or inaccurate information of a material nature in order to obtain service.
 - (iv) Any violation of the conditions governing the furnishing of service.
2. Notwithstanding anything in this tariff to the contrary: residential and business local exchange service will not be disconnected due to Subscriber's failure to pay for toll service or any services not regulated by the Commission; and, residential local exchange service may not be discontinued due to Subscriber's failure to pay for another class of local exchange service.
3. The Company will impose a service discontinuation charge in accordance with its tariff upon discontinuation of service by the Company under this Rule.

C. Restoration of Service

The Company will restore service to a Subscriber upon full payment of all amounts due and the Subscriber's reestablishment of credit. However, the Company may refuse to accept a personal check if the Subscriber's check for payment of service has been dishonored, excepting bank error, within the last twelve months. The Company will impose a charge for restoration of service after disconnection in accordance with its tariff.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 12 - Limitation of Liability

1. The provisions of this rule do not apply to errors and omissions caused by willful misconduct, fraudulent conduct, or violations of law.
2. In the event an error or omission is caused by the gross negligence of the Company, the liability of the Company shall be limited to and in no event exceed the sum of \$10,000.
3. The Company will not provide a credit allowance for interruptions of service caused by the Subscriber's facilities, equipment, or systems.
4. Except as provided in section 3, the liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in any of the services or facilities furnished by the Company under this tariff up to and including its local loop demarcation point, including exchange, toll, private line, supplemental equipment, alphabetical directory listings (excluding the use of bold face type), and all other services, shall in no event exceed an amount equal to the pro rated charges to the Subscriber for the period during which the services or facilities are affected by the mistake, omission, interruption, delay, error, or defect, provided, however, that where any mistake, omission, interruption, delay, error, or defect in any one service or facility affects or diminishes the value of any other service said liability shall include such diminution, but in no event shall the liability exceed the total amount of the charges to the Subscriber for all services or facilities for the period affected by the mistake, omission, interruption, delay, error, or defect.
5. The Company will allow for interruptions in exchange telephone service of 24 hours or more not due to conduct of Customer an amount equal to the fixed monthly charges for exchange service multiplied by the ratio of the days of interruption to thirty days. When interruptions continue beyond 24 hours, credit allowance will be given in successive 24-hour multiples.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 12 - Limitation of Liability (Cont'd)

A. Liability of the Company (Cont'd)

6. The Company shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, the Company will give the Customers who may be affected as reasonable notice thereof as circumstances will permit, and will prosecute the work with reasonable diligence, and if practicable at times that will cause the least inconvenience.

When the Company is repairing or changing its facilities, it shall take appropriate precautions to avoid unnecessary interruptions of conversation or Customers' service.

7. The Company shall not be liable for errors in transmitting, receiving, or delivering oral messages by telephone over the lines of the Company and connecting utilities.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 13 - Use of Service for Unlawful Purposes

The Company's services are furnished subject to the condition that they will not be used for any unlawful purpose. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used or are likely to be used in violation of the law. If the Company receives other evidence giving reasonable cause to believe that such services are being or are likely to be so used, it may either discontinue or deny the services or refer the matter to the appropriate law enforcement agency.

Any individual who uses or receives the Company's service, other than under the provisions of an accepted application for service and a current Subscriber relationship, may be liable for both the tariffed cost of the service received and the Company's cost of investigation and collection as determined by a court.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 14 - Returned Check Charge

- A. If a check for payment of any deposit, advance, or charge is returned to the Company by the bank, for any reason other than bank error, a Returned Check Charge of \$25.00 will added to the amount due.
- B. If telephone service is disconnected or suspended for nonpayment as a result of a returned check, the Returned Check Charge, as well as any other applicable charges, must be paid before service will be re-established.
- C. If a check received as a deposit or advance payment to establish service is returned, establishment of service will be denied until the amount of the returned check and the Returned Check Charge is paid, or, if already connected, the service will be discontinued until the Returned Check Charge and other amounts applicable to discontinuance and reestablishment of service are paid.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

RULES (Cont'd)

Rule 15 - Customer Responsibility

1. Customer and any authorized or joint users, jointly and severally, shall indemnify and hold the Company harmless from: (1) claims, loss, damage, expense (including reasonable court costs and attorneys' fees as determined by the CPUC or the court), and liability for patent infringement arising from (i) combining with, or using in connection with facilities the Company furnished, facilities Customer, an authorized user, or joint user furnished or (ii) use of facilities the Company furnished in a manner the Company did not contemplate and over which the Company exercises no control, and (2) all other claims, loss, damage, expense (including the reasonable court costs and attorneys' fees), or liability arising out of any act or omission by Customer, an authorized user, or joint user in connection with the service.
2. In addition and without limitation, Customer, authorized users, or joint users shall defend, on behalf of the Company and upon request by the Company, any suit brought or claim asserted against the Company for any such claims, including but not limited to slander, libel, or infringement.
3. Customer is responsible for the security of all assigned access numbers and authorization codes, and for maintaining the security of its PBX equipment and all services furnished to Customer that afford remote access, dialing, call completion, and similar capabilities, including, but not limited to, DID-to-DOD Call Transfer feature and Centrex-type services. Customer shall be liable for all misdialed and fraudulent use of toll and other services furnished by Company or interconnected carriers, including without limitation, fraudulent use of such services by unknown third parties using remote access features of Customer's PBX equipment or using remote access, dialing, call completion, and similar capabilities of services furnished to Customer, including, without limitation, DID-to-DOD Call Transfer feature, and Centrex-type services, and shall be responsible for any and all calls made on its assigned access lines. Lost or stolen cards must be reported immediately. Company reserves the right to change access numbers and authorization codes upon notice to Customer.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

TAXES AND SURCHARGES

In addition to the charges specifically pertaining to the Company's services, whether set forth herein or established by special contract, certain federal, state, and municipal surcharges, taxes, and fees will be applied. These surcharges, taxes and fees are calculated based upon the amount billed to the end user for the Company's intrastate telecommunications services.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

BASIC SERVICES

A-1 Business Service Packages - QWEST Service Area

1. Applicability

These rates apply to local exchange service furnished to business customers as part of a package of bundled long distance and local exchange service provided by the Company.

2. Territory

Within the base rate areas of all exchanges served by Qwest Corporation as shown and defined in its current and effective tariffs on file with the Commission, except as specified below.

3. Service Establishment Charges - Assessed on a per line basis. Charges vary depending on length of Customer's contractual service commitment and whether line is in use (existing) or not (new) at time service is established with Company.

		<u>Maximum Rate</u>
a. Existing lines:	Two year term	\$150.00
	One year term	\$150.00
	Month-to month:	\$150.00
b. New lines:		\$150.00

4. Recurring Service Charges - Assessed, in arrears, for each month of service. Charges vary depending upon bundled service package selected by Customer. Each service package includes: access lines, as specified; local and toll usage (intrastate and domestic interstate), as specified; access line hunting, plus choice of two additional custom calling features per line; TMC Global Access Travel Cards. Provision of interexchange service subject to terms and conditions set forth in applicable TMC interexchange tariff or contract.

		<u>Maximum Monthly Service Charge</u>	
a. Business Bundle 1: includes 1 access line and usage specified below:			
	Option A (250 local m.o.u; 250 long distance m.o.u.)	\$75.00	25
	Option B (500 local m.o.u; 500 long distance m.o.u.)	\$100.00	100
b. Business Bundle 2: includes 2 access lines and usage specified below:			
	Option A (500 local m.o.u; 250 long distance m.o.u.)	\$100.00	50
	Option B (750 local m.o.u; 500 long distance m.o.u.)	\$150.00	75

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

BASIC SERVICES

A-1 Business Service Packages - QWEST Service Area (Cont'd)

4. Recurring Service Charges (Cont'd)

Maximum Monthly
Service Charge

c. Business Bundle 3: includes 3 access lines and usage specified below:

Option A (750 local m.o.u; 250 long distance m.o.u.) \$150.00 30

Option B (1500 local m.o.u, 500 long distance m.o.u.) \$200.00 66

d. Business Bundle 4: includes 4-6 access lines and usage specified below:

Option A (3000 local m.o.u; 1000 long distance m.o.u.) \$300.00 60

Option B (6000 local m.o.u; 2000 long distance m.o.u.) \$400.00 80

e. Business Bundle 5: includes 7-9 access lines and usage specified below:

Option A (4000 local m.o.u; 1500 long distance m.o.u.) \$500.00 62

Option B (8000 local m.o.u; 3000 long distance m.o.u.) \$600.00 75

f. Business Bundle 6: includes 10-12 access lines and usage specified below:

Option A (5000 local m.o.u; 2000 long distance m.o.u.) \$600.00 55

Option B (10,000 local m.o.u; 4000 long distance m.o.u.) \$700.00 63

g. Business Bundle 7: includes 13-15 access lines and usage specified below:

Option A (6000 local m.o.u; 2500 long distance m.o.u.) \$750.00 57

Option B (12,000 local m.o.u; 5000 long distance m.o.u.) \$950.00 67

h. Business Bundle 8: includes 16-18 access lines and usage specified below:

Option A (7000 local m.o.u; 3000 long distance m.o.u.) \$1000.00 58

Option B (14,000 local m.o.u; 6000 long distance m.o.u.) \$1200.00 70

ISSUED:

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EFFECTIVE:

BASIC SERVICES

A-1 Business Service Packages - QWEST Service Area (Cont'd)

4. Recurring Service Charges (Cont'd)

Maximum Monthly
Service Charge

i. Business Bundle 9: includes 19-21 access lines and usage specified below:

Option A (8000 local m.o.u; 3500 long distance m.o.u.) \$1500.00 75

Option B (16,000 local m.o.u; 7000 long distance m.o.u.) \$2000.00 100

j. Business Bundle 10: includes 22-24 access lines and usage specified below:

Option A (9000 local m.o.u; 4000 long distance m.o.u.) \$1750.00 24

Option B (18,000 local m.o.u; 8000 long distance m.o.u.) \$2250.00 97

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EFFECTIVE:

BASIC SERVICES

A-1 Business Service Packages – QWEST Service Area (Cont'd)

5. Additional Charges – Assessed, in arrears, on a monthly basis for additional lines and features, and for usage in excess of that included in selected package:

	<u>Maximum Rate</u>
a. Additional lines (per line, per month)	\$80.00
b. Additional custom calling features (per line, per feature, per month)	\$20.00
c. Additional local usage (per minute)	\$0.10
d. Additional toll usage (per minute)	\$0.15

6. Special Limitations and Conditions

- a. Custom calling features available as part of bundled packages are limited to the following: Call Waiting; Call Forwarding; Three-Way Calling; Speed Calling; Caller ID; Call Screen; Message Waiting Indicator; Repeat Dialing; Call Return; Call Forwarding Busy/Delayed; Intercom; Intercom Plus; Remote Access to Call Forwarding; Select Call Forwarding; Call Trace; Call Restriction; Distinctive Ringing; Call Hold.
- b. Local usage is charged on a per-call basis in one minute increments, with any less than full-minute portion being rounded up to the next full minute. All other domestic usage is charged on a per call basis in six second increments, with any less than six-second portion being rounded up to the next full six second increment. There is no carry over of unused usage from one month to the next.
- c. Contractual service commitment shall automatically renew for a like term at the end of the initial and each subsequent term unless the Customer or the Company gives at least ninety (90) days' prior written notice of its intent not to renew at the end of the then-current term. In the event such notice is given, service under the contract shall terminate as of the end of the then-current term. In the event Customer, for any reason other than material breach by the Company of its obligations, terminates service prior to the end of the service commitment term, or any renewal thereof, or, in the event that the Company terminates service to Customer prior to the end of the service commitment term, or any renewal thereof, for failure to make payment or other breach by Customer of its obligations to Company, Customer shall be liable for an early termination charge in an amount equal to seventy-five percent (75%) of the monthly recurring service charge for each month remaining in the term or renewal term.

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EFFECTIVE:

BASIC SERVICES

A-1 Business Service Packages – QWEST Service Area (Cont'd)

6. Special Limitations and Conditions (cont'd)

- d. The Company's Service may not be resold except by an authorized carrier who has entered into an appropriate and currently-effective wholesale service agreement with the Company. However, Customer may make services hereunder available to its own subsidiaries or to entities under common ownership with Customer. If Customer attempts to resell Services in violation of the provisions of this section, the Company may terminate the Service to Customer upon ten (10) days' written notice.

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EFFECTIVE:

BASIC SERVICES

B-1 Residential Service Packages - QWEST Service Area

1. Applicability

These rates apply to local exchange service furnished to residential customers as part of a package of bundled long distance and local exchange service provided by the Company.

2. Territory

Within the base rate areas of all QWEST Corporation exchanges as shown and defined in its current and effective tariffs on file with the Commission, except as specified below.

3. Service Establishment Charges - Assessed on a per line basis. Charges vary depending on length of Customer's contractual service commitment and whether line is in use (existing) or not (new) at time service is established with Company.

		<u>Maximum Rate</u>
a.	Existing lines:	
	One year term	\$150.00
	Month-to month:	\$150.00
b.	New lines:	\$150.00

4. Recurring Service Charges - Assessed, in arrears, for each month of service. Charges vary depending upon bundled service package selected by Customer. Each service package includes: access lines, as specified; local and toll usage (intrastate, and domestic interstate), as specified; plus choice of two custom calling features per line; TMC Global Access Travel Cards. Provision of interexchange service subject to terms and conditions set forth in applicable TMC interexchange tariff or contract.

- a. Basic Residential Bundle: includes 1 residential access line, unlimited local minutes, and 240 long distance minutes.

	<u>Maximum Rate</u>
Monthly Service Charge	\$60.00

- b. Residential/Home Office Bundle: includes 1 residential access line, unlimited local calling; and 720 long distance minutes.

	<u>Maximum Rate</u>
Monthly Service Charge	\$75.00

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EFFECTIVE:

BASIC SERVICES

B-1 Residential Service Packages – QWEST Service Area (Cont'd)

5. Additional Charges – Assessed, in arrears, on a monthly basis for additional lines and features, and for usage in excess of that included in selected package:

	<u>Maximum Rate</u>
a. Additional lines (per line, per month)	\$60.00
b. Additional custom calling features (per line, per feature, per month) are available at the regular tariff rate.	
c. Additional local and toll usage (per minute)	\$0.15

6. Special Limitations and Conditions

- a. Local usage is charged on a per-call basis in one minute increments, with any less than full-minute portion being rounded up to the next full minute. All other domestic usage is charged on a per call basis in six second increments, with any less than six-second portion being rounded up to the next full six second increment. There is no carry over of unused usage from one month to the next.
- c. Custom calling features that may be selected by Customer as part of bundled service package include: call waiting, call forwarding, three-way calling, and 8 number speed dialing. Other or additional features are available only at regular tariff rates.

ISSUED:

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EFFECTIVE:

BASIC SERVICES

B-1 Residential Service Packages - QWEST Service Area (Cont'd)

6. Special Limitations and Conditions (Cont'd)

- d. Contractual service commitment shall automatically renew for a like term at the end of the initial and each subsequent term unless the Customer or the Company gives at least ninety (90) days' prior written notice of its intent not to renew at the end of the then-current term. In the event such notice is given, service under the contract shall terminate as of the end of the then-current term. In the event Customer, for any reason other than material breach by the Company of its obligations, terminates service prior to the end of the service commitment term, or any renewal thereof, or, in the event that the Company terminates service to Customer prior to the end of the service commitment term, or any renewal thereof, for failure to make payment or other breach by Customer of its obligations to Company, Customer shall be liable for an early termination charge in an amount equal to seventy-five percent (75%) of the monthly recurring service charge for each month remaining in the term or renewal term.
- e. The Company's Service may not be resold except by an authorized carrier who has entered into an appropriate and currently-effective wholesale service agreement with the Company. However, Customer may make services hereunder available to its own subsidiaries or to entities under common ownership with Customer. If Customer attempts to resell Services in violation of the provisions of this section, the Company may terminate the Service to Customer upon ten (10) days' written notice.

ISSUED:

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EFFECTIVE:

CUSTOM CALLING SERVICES

A-1 Feature Descriptions

Custom Calling Features may be offered subject to availability from the underlying carrier:

1. Call Forwarding

Call Forwarding allows for the automatic forwarding (transfer) of all incoming calls to another telephone number. The line can be restored to normal operation at any time.

Busy Call Forwarding allows the forwarding of incoming calls when the line is busy. The forwarded number is fixed by the service order.

Delayed Call Forwarding allows the forwarding of incoming calls when the line remains unanswered after a present number of rings. The number of rings and the forwarded number are fixed by the service order.

Select Call Forwarding allows the automatic forwarding (transfer) of calls from up to ten preselected numbers to another telephone number. The line can be restored to normal operation at any time.

Remote Access to Call Forwarding allows the activation and deactivation of the Call Forwarding feature and changes to the forwarded number to number from a location other than where the service is located.

2. Call Waiting

Call Waiting sends a tone signal while a call is in progress to indicate a second call is waiting; and by operation of the switchhook, to place the first call on hold and answer the waiting call. Operation of the switchhook permits passage back and forth between the two calls, but a three-way call cannot be established.

Cancel Call Waiting allows the dialing of an activation code prior to making a call, to cancel the Call Waiting feature. Cancel Call Waiting must be activated each time Call Waiting is canceled.

3. Three-Way Calling

Three-Way Calling allows the addition of a third party to an established connection. When the third party answers, a two-way conversation can be held before adding the original party for a three-way conference. The initiator of the conference controls the call and may disconnect the third party to reestablish the original connection or establish a connection to a different third party. This feature may be used on both incoming and outgoing calls.

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EFFECTIVE:

CUSTOM CALLING SERVICES (Cont'd)

A-1 Features (Cont'd)

4. Speed Calling

Speed Calling allows a call to be made to a telephone number, from a pre-selected list of six, eight, or thirty numbers established by the customer, by dialing a one or two digit code.

5. Intercom

Intercom permits intercommunication between two or more telephones that answer the same telephone number.

6. Intercom Plus

Intercom Plus includes the intercom feature, plus the following additional features: call transfer (allows transfer of incoming call between extensions); extension hold (allows non-intercom call to be placed on hold); three-way calling (allows third party to be added to an intercom call).

7. Distinctive Ringing

Distinctive Ringing differentiates incoming calls from up to ten preselected telephone numbers by signaling with a distinctive ringing pattern.

8. Repeat Dialing

Repeat Dialing allows calls to be automatically redialed when the first attempt reaches a busy number. The line is checked every 45 seconds for up to 30 minutes and alerts the originating telephone line with a distinctive ringing pattern when the busy number and the originating line are free.

9. Call Screen

Call Screen allows the automatic blocking of incoming calls from up to ten preselected telephone numbers. The list of numbers can be changed at any time. Callers whose numbers have been blocked will hear a recorded message and no usage charges will apply.

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EFFECTIVE:

CUSTOM CALLING SERVICES (Cont'd)

A-1 Features (Cont'd)

10. Call Return

Call Return allows the return of a call to the last incoming call whether answered or not. Upon activation, it will redial the number automatically and continue to check the number every 45 seconds for up to 30 minutes if the number is busy. A distinctive ringing pattern signals when the busy number is free. When answered, the call is then completed. The calling party's number is not delivered or announced to the call recipient. Call Return is available only when the called and calling parties are in the same LATA.

11. Call Trace

Allows a call to be dialed to automatically record a caller's originating telephone number and the date, and time of the call as well as the date and time of the trace. The recorded information will be disclosed only to a law enforcement agency for purposes of investigation.

12. Caller ID

Displays the name and telephone number of an incoming call on special customer-provided equipment.

13. Anonymous Call Rejection

Rejects calls from telephone numbers for which Caller ID capability is blocked.

14. Call Waiting ID

Displays the name and telephone number of an incoming call on special customer-provided equipment when telephone is in use, except then when the calling party's listing is unpublished, only the name appears. Customer must subscribe to both Call Waiting and Caller ID as well as Call Waiting ID in order to use feature.

15. Call Hold

Allows call to be place on hold.

16. Message Waiting Indicator

Provides an audible interrupted dialtone, and where facilities permit, a lighted indicator, indicating that the Customer a voicemail or other message has been stored by the Customer's message store-and-forward service.

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EFFECTIVE:

CUSTOM CALLING SERVICES (Cont'd)

A-1 Features (Cont'd)

17. Hunting

Provides for incoming calls to be directed to vacant lines in multi-line service arrangements.

18. Call Restriction

Prevents the completion of billable toll calls. Calls to ZUM Zones 1 and 2, toll-free (800, 888, etc.) calls, 411, 611, 711, and 911 can still be completed. Certain collect and third party-billed calls are not subject to billing validation and may be completed despite subscription to toll blocking service. Customer will be billed for and must pay the charges for such calls.

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EFFECTIVE:

CUSTOM CALLING SERVICES (Cont'd)

B-1 Rates and Charges - QWEST Service Area

The following monthly rates are in addition to the rates and charges for the associated service (rates are assessed per line, per month)

	<u>Maximum Rates</u>	
	<u>Business</u>	<u>Residential</u>
Call Forwarding:	\$20.00	\$20.00
Busy Call Forwarding:	\$20.00	\$20.00
Delayed Call Forwarding:	\$20.00	\$20.00
Select Call Forwarding:	\$20.00	\$20.00
Remote Access to Call Forwarding:	\$20.00	\$20.00
Call Waiting/Cancel Call Waiting:	\$10.00	\$10.00
Three-Way Calling:	\$10.00	\$10.00
Speed Calling 6:	\$10.00	n/a
Speed Calling 8:	\$10.00	\$10.00
Speed Calling 30:	\$10.00	\$10.00
Intercom:	\$10.00	\$10.00
Intercom Plus:	\$10.00	\$10.00
Distinctive Ringing:	\$10.00	\$10.00
Repeat Dialing:	\$10.00	\$10.00
Call Screen:	\$10.00	\$10.00
Call Return:	\$10.00	\$10.00
Call Trace:	\$10.00	\$10.00
Caller ID:	\$25.00	\$25.00
Caller ID Blocking	no charge	no charge
Anonymous Call Rejection:	\$10.00	\$10.00 ¹
Call Waiting ID:	\$10.00	\$10.00
Call Hold:	\$15.00	n/a
Message Waiting Indicator:	\$15.00	n/a
Hunting:	\$15.00	n/a
Call Restriction:	\$15.00	n/a

¹ Provided at no charge with subscription to Caller ID.

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EFFECTIVE:

MISCELLANEOUS SERVICES

A-1 Directory Listings; Distribution of Directories

The Company does not publish a directory or provide other similar listings of its Subscribers. However, the Company will arrange for Subscribers, other than Subscribers requesting nonpublished service, to be listed in the directories and directory assistance records of incumbent local exchange carriers, subject to availability of such listing services to Company's Subscribers. The Company hereby concurs in the directory listing schedules of incumbent carriers on file with the Commission that are current and effective as of the effective date of this tariff sheet. Subscribers are responsible for payment of all rates and compliance with all terms and conditions set forth in such schedules. The Company will distribute or provide for the distribution to each Subscriber, at no charge, one copy of the incumbent local exchange carrier white and yellow pages directory applicable to the location at which the Subscriber receives service.

A-2 Non-Published Service

At the request of the Subscriber, the Subscriber's name, address, and telephone number will not be listed in any directory or directory assistance records available to the public, except that the number may be included in reference listings. However, such information, along with call forwarding information from such numbers, will be released in response to legal process or to certain authorized governmental agencies.

Non-Published Service Charge
(per line, per month):

Maximum Rate
\$1.00

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EFFECTIVE:

MISCELLANEOUS SERVICES (Cont'd)

A-3 Directory Assistance

Users of the company's calling services (excluding 800 services), may obtain assistance in determining telephone numbers within Arizona by calling the Directory Assistance operator.

Each number requested is charged for as shown below. Requests for information other than telephone numbers will be charged the same rate as shown for the applicable request for telephone numbers.

A Directory Assistance call charged to a calling card or commercial calling card or to a third number will be billed the appropriate operator charge, as specified in this tariff, plus the charge for Directory Assistance.

Non-published telephone numbers are not available from the Directory Assistance service.

- | | <u>Maximum Charge</u> |
|---|-----------------------|
| 1. Directory Assistance (per call): | \$2.50 |
| 2. A credit will be given for calls to Directory Assistance when: | |
| a. the Customer experiences poor transmission or is cut-off during call. | |
| b. the Customer is given an incorrect telephone number, or the Customer inadvertently misdials an incorrect Directory Assistance NPA. | |
| c. to receive a credit, the Customer must notify the Company of the problem experienced. | |

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EFFECTIVE:

MISCELLANEOUS SERVICES (Cont'd)

A-4 900/976 Blocking

1. Applicability

Applicable to all Subscribers of the Company's local exchange service.

2. Territory

Within the base rate areas of all exchanges served by the Company

3. Description

The Company will, upon a Subscriber's request and where technically feasible, block calls placed from the Subscriber's telephone to intrastate 976 numbers and intrastate or interstate 900 numbers, whether directly dialed or placed through operator assisted service provided by the Company's operators. Call Blocking and Remove Call Blocking charges apply as specified below. At central offices where per-line blocking is not technically feasible, all calls to 976 and 900 numbers will be blocked.

The Company may block calls placed from a Subscriber's telephone to intrastate 976 numbers and intrastate or interstate 900 numbers if the Subscriber fails or refuses to pay any charges billed by the Company for calls to such numbers, except for any charges for which adjustments have been granted. Call Blocking and Remove Call Blocking charges apply as specified below.

The Company may block calls placed from a Subscriber's telephone to intrastate 976 numbers and intrastate or interstate 900 numbers if the accrued, unpaid charges to be billed by the Company for calls to such numbers at any time exceeds \$150 and the Company is unable to contact the Subscriber to assure the Subscriber's agreement to pay for such calls. Call Blocking and Remove Call Blocking charges do not apply.

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EFFECTIVE:

MISCELLANEOUS SERVICES (Cont'd)

A-4 900/976 Blocking (Cont'd)

4.	<u>Rates</u>	Maximum Non-Recurring <u>Charge</u>	Maximum Monthly <u>Rate</u>
	<u>Call Blocking</u>		
	Business (per line)	\$15.00	no charge
	Residential (per line)	\$15.00	no charge
	<u>Remove Call Blocking</u>		
	Business (per line):	\$15.00	no charge
	Residential (per line):	\$15.00	no charge

ISSUED:

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EFFECTIVE:

MISCELLANEOUS SERVICES (Cont'd)

A-5. Equal Access

A. Carrier Selection Process for Equal Access

1. The Carrier Selection Process is an agreement whereby:

(1) A subscriber may select an authorized carrier to place intrastate, interLATA MTS/MTS-type calls without the 10XXXX access code. This carrier is referred to as the subscriber's interLATA primary interexchange carrier (PIC).

(2) A subscriber may select an authorized carrier to place intrastate, intraLATA MTS/MTS-type calls without the 10XXXX access code. This carrier is referred to as the subscriber's intraLATA primary interexchange carrier (IPIC)

2. On the effective date(s) of intraLATA equal access, subscribers who have not designated a different IPIC will continue with the Company's intraLATA toll service.

3. In end offices where equal access is available, new subscribers must presubscribe to the PIC and/or IPIC of their choice at the time an order is placed for service. If a PIC and/or IPIC is not chosen at the time the order for service is submitted, the subscriber may access the interexchange carrier of the subscriber's choice by dialing the appropriate 10XXXX carrier identification code.

4. The full nonrecurring IPIC charge is applicable when an intraLATA IPIC change is ordered separately from the interLATA PIC change and/or when a subscriber presubscribes to different carriers, at the same time, for interLATA and intraLATA service. If a subscriber changes both PIC and IPIC at the same time, to the same IC, CLC, or LEC, the Company will bill the subscriber the full nonrecurring PIC change charge and one-half of the respective IPIC change charge.

ISSUED:

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EFFECTIVE:

MISCELLANEOUS SERVICES (Cont'd)

A-5. Equal Access (Cont'd)

A. Carrier Selection Process for Equal Access (Cont'd)

5. The Company will make post conversion changes in the subscriber's PIC or IPIC assignment pursuant to carrier provided list of customers. Should a subscriber dispute authorization of the change within 90 days of the PIC or IPIC assignment, and if the carrier cannot produce a letter of agency of confirmation from the subscriber, the Company will place the subscriber on the previous carrier's network where possible and the carrier will be billed one Unauthorized PIC or IPIC charge, for the change to the disputed carrier and one PIC or IPIC change charge, for placing the subscriber on the carrier network of his/her choice.

If the carrier produces the letter of agency or confirmation of choice within 30 days of the Company's request, the subscriber will be billed two PIC or IPIC charges in lieu of charges to the carrier. Charges are only applicable if a change in a subscriber's or agent's carrier selection has been implemented in the switch.

6. Rates -	Maximum Nonrecurring Charge
(1) Charge for authorized PIC or IPIC change (per line):	\$10.00
PIC/IPIC Change (change made at the same time to the same IC, CLC or LEC for both interLATA and intraLATA) (per line):	\$12.00
(2) Charge for unauthorized PIC or IPIC change (per line):	\$100.00

ISSUED:

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EFFECTIVE:

MISCELLANEOUS SERVICES (Cont'd)

B-1. Service Changes, Discontinuation, Suspension, Restoral - QWEST Service Area

Nonrecurring charges apply to process orders for certain changes in service as specified below:

	<u>Maximum Charge</u>
1. Changes, additions, or removal of features (per service order, per line):	\$15.00
2. Temporary suspension of service at Customer request (per service):	\$40.00
3. Restoral charge following temporary suspension (per service):	\$75.00
4. Change in telephone number at Customer request (per line):	\$45.00
5. Change or addition of listing (per listing):	\$12.00
6. Discontinuation of service (per line):	\$35.00
7. Change in Caller ID blocking option:	\$10.00 ¹

¹ Blocking option may be changed at no charge one time after initial establishment of service.

ISSUED:

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EFFECTIVE:

INTERCARRIER ARRANGEMENTS

A-1 Interconnection and Termination of Local Traffic

1. Interconnection

Arrangements for interconnection by local exchange carriers and competitive local carriers with the Company's facilities will be negotiated on a case-by-case basis.

2. Termination of Traffic

The Company will terminate local traffic from local exchange carriers and other competitive local carriers with which it interconnects. Terms, conditions, and compensation methods for handling such traffic will be negotiated on a case-by-case basis.

3. Provisions for Number Portability

At the request of a local exchange carrier or other competitive local carrier providing service to a former Subscriber to the Company's service, the Company will automatically forward calls that are dialed to the number assigned by the Company to the former Subscriber, to the Subscriber's new number assigned by the local exchange carrier or other competitive local carrier. The forwarding of such calls shall be undertaken in accordance with, and subject to, all of the tariff rates, terms, and conditions applicable to reciprocal call forwarding services provided by the Incumbent LECs, or the other competitive local carrier, as applicable, and the Company hereby concurs in and incorporates by reference such tariff provisions.

A-2 Switched Access Service

1. Description

Switched Access Service, which may be furnished by the Company jointly with one or more other local exchange carriers, is furnished to interexchange carriers ("IXCs") to establish two-way communications pathways between IXCs' points of presence ("POPs") and end users' premises for the purpose of originating or terminating intrastate interexchange calls from or to end users served by the Company over the Company's local access lines. Switched Access Service is provided as a Feature Group D-type trunk side connection in accordance with the service descriptions and specifications for Feature Group D access as set forth in QWEST Corporation's current and effective intrastate access service tariff.

ISSUED:

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EFFECTIVE:

INTERCARRIER ARRANGEMENTS

A-2 Switched Access Service (Cont'd)

2. Ordering Service

IXC's desiring to establish Switched Access Service arrangements with the Company must submit an application therefor using the Company's Access Service Request ("ASR") form. ASRs must be submitted to the Company on a manual (fax or mail) basis. Notwithstanding this or any other provision in this tariff, an IXC's use or acceptance of the use of the Company's facilities to complete calls to or from end users served by the Company constitutes an agreement by the IXC to comply with the provisions of this tariff and to pay the rates set forth herein for all access services actually provided to the IXC by the Company.

3. Service Elements

Switched Access Service furnished by the Company is composed of the following categories or elements, one or more of which may apply in a particular instance: carrier common line; local switching; local transport, and toll-free service database queries.

a. The carrier common line element provides access to local loop and non-usage-sensitive end office functionality for originating interexchange calls on a pre-subscribed basis. The Company charges a flat monthly rate for this element, which is assessed on a per line basis for each line served by an IXC on a pre-subscribed basis.

b. The local switching element provides the local end office switching functions necessary to complete the transmission of interexchange calls to and from end users, including terminations of calls to an intercept operator or recording. The Company charges for this element on an access minutes of use basis.

c. The local transport element provides for the transmission of interexchange calls between an IXC's POP and the end office that serves the Company's end user. Local transport includes: common (landem-switched) transport or, alternatively, direct trunked transport between the end office and the wire center serving the IXC POP; and charges for common transport on an access minutes of use basis. Direct transport and entrance facility arrangements are furnished on a negotiated contract basis only.

d. Queries to a toll-free service database are made to determine routing and associated information for toll-free calls. The Company charges for this element on a per query (dip) basis.

ISSUED:

BY: Don Bean, President

Tri-M Communications, Inc.
dba TMC Communications

1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

INTERCARRIER ARRANGEMENTS

A-2 Switched Access Service (Cont'd)

4. Rates

a. Carrier Common Line (PICO)
(per presubscribed line, per month): \$8.00

b. Local Switching
(per access minute of use): \$0.0250

c. Common Transport
(per access minute of use): \$0.001

d. Toll-Free Database Service
(per query): \$0.01

5. Billing Name and Address

The Company will furnish IXCs with the complete billing name, street address, city, state, and zip code ("BNA") for telephone numbers assigned by the Company to its end users for the purpose of enabling IXCs to bill such end users for interexchange services provided on a non-pre-subscribed (casual calling) basis. BNA is provided manually, either by fax or by mail as appropriate. BNA must not be used for any purpose other than billing for casual calling. A nonrecurring service establishment charge will be assessed for the initial establishment of BNA service and Master List. Requests for BNA include a per order charge and a per message charge. The rates for BNA are as follows:

a. Service Establishment: \$100.00

b. BNA Requests:
i. Per Order \$20.00
ii. Per Message \$ 2.00

ISSUED:
BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630
EFFECTIVE:

CURRENT PRICES

A-1 Business Service Packages - QWEST Service Area

1. Service Establishment Charges

a. Existing lines:

Two year term

\$10.95

One year term

\$19.95

Month-to-month:

\$49.95

b. New lines:

\$49.95

2. Recurring Service Charges

Monthly
Service Charge

a. Business Bundle 1: includes 1 access line and usage specified below:

Option A (250 local m.o.u.; 250 long distance m.o.u.) 75 / \$33.00

Option B (500 local m.o.u.; 500 long distance m.o.u.) 100 / \$49.00

b. Business Bundle 2: includes 2 access lines and usage specified below:

Option A (500 local m.o.u.; 250 long distance m.o.u.) 160 / \$53.00

Option B (750 local m.o.u.; 500 long distance m.o.u.) 153 / \$69.00

c. Business Bundle 3: includes 3 access lines and usage specified below:

Option A (750 local m.o.u.; 250 long distance m.o.u.) 157 / \$73.00

Option B (1500 local m.o.u.; 500 long distance m.o.u.) 227 / \$96.00

d. Business Bundle 4: includes 4-6 access lines and usage specified below:

Option A (3000 local m.o.u.; 1000 long distance m.o.u.) 302 / \$179.00

Option B (6000 local m.o.u.; 2000 long distance m.o.u.) 402 / \$259.00

ISSUED:

BY: Don Bean, President

Tri-M Communications, Inc.

d/b/a TMC Communications

1180 Iron Point Road, Suite 210

Folsom, CA 95630

EFFECTIVE:

CURRENT PRICES

A-1 Business Service Packages - QWEST Service Area (Cont'd)

2. Recurring Service Charges (Cont'd)

Monthly
Service Charge

e.	Business Bundle 5: includes 7-9 access lines and usage specified below:	Option A (4000 local m.o.u.; 1500 long distance m.o.u.) $62\frac{1}{2}$ \$269.00	572
		Option B (8000 local m.o.u.; 3000 long distance m.o.u.) $75\frac{1}{2}$ \$389.00	600
f.	Business Bundle 6: includes 10-12 access lines and usage specified below:	Option A (5000 local m.o.u.; 2000 long distance m.o.u.) $57\frac{1}{2}$ \$359.00	600
		Option B (10,000 local m.o.u.; 4000 long distance m.o.u.) $73\frac{1}{2}$ \$509.00	700
g.	Business Bundle 7: includes 13-15 access lines and usage specified below:	Option A (6000 local m.o.u.; 2500 long distance m.o.u.) $57\frac{1}{2}$ \$449.00	750
		Option B (12,000 local m.o.u.; 5000 long distance m.o.u.) $67\frac{1}{2}$ \$639.00	950
h.	Business Bundle 8: includes 16-18 access lines and usage specified below:	Option A (7000 local m.o.u.; 3000 long distance m.o.u.) $58\frac{1}{2}$ \$539.00	1000
		Option B (14,000 local m.o.u.; 6000 long distance m.o.u.) $76\frac{1}{2}$ \$759.00	1200
i.	Business Bundle 9: includes 19-21 access lines and usage specified below:	Option A (8000 local m.o.u.; 3500 long distance m.o.u.)	\$629.00
		Option B (16,000 local m.o.u.; 7000 long distance m.o.u.)	\$889.00
j.	Business Bundle 10: includes 22-24 access lines and usage specified below:	Option A (9000 local m.o.u.; 4000 long distance m.o.u.)	\$719.00
		Option B (18,000 local m.o.u.; 8000 long distance m.o.u.)	\$999.00

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

CURRENT PRICES

A-1 Business Service Packages - QWEST Service Area (Cont'd)

3.

Additional Charges

- | | | |
|----|---|---------|
| a. | Additional lines (per line, per month) | \$49.95 |
| b. | Additional custom calling features (per line, per feature, per month) | \$3.50 |
| c. | Additional local usage (per minute) | \$0.029 |
| d. | Additional toll usage (per minute) | \$0.059 |

EFFECTIVE:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

ISSUED:

CURRENT PRICES

B-1 Residential Service Packages - QWEST Service Area

1. Service Establishment Charges

- | | | | |
|----|-----------------|-----------------|---------|
| a. | Existing lines: | One year term | \$24.95 |
| | | Month-to-month: | \$39.95 |
| b. | New lines: | | \$29.95 |

4. Recurring Service Charges

- | | | |
|----|---|---------|
| a. | Basic Residential Bundle: includes 1 residential access line, unlimited local minutes, and 240 long distance minutes. | \$39.95 |
|----|---|---------|

Monthly Service Charge

- | | | |
|----|---|---------|
| b. | Residential/Home Office Bundle: includes 1 residential access line, unlimited local calling; and 720 long distance minutes. | \$59.95 |
|----|---|---------|

Monthly Service Charge

- | | | |
|----|---|--|
| 2. | <u>Additional Charges - Assessed, in arrears, on a monthly basis for additional lines and features, and for usage in excess of that included in selected package:</u> | |
|----|---|--|

- | | | |
|----|---|---------|
| a. | Additional lines (per line, per month) | \$19.95 |
| b. | Additional custom calling features (per line, per feature, per month) are available at the regular tariff rate. | |
| c. | All ZUM Zone 3 usage (per minute) | \$0.055 |
| d. | Additional toll usage (other than ZUM Zone 3) (per minute) | \$0.059 |

ISSUED:

BY: Don Bean, President

Tri-M Communications, Inc.

dba TMC Communications

1180 Iron Point Road, Suite 210

Folsom, CA 95630

EFFECTIVE:

CURRENT PRICES (Cont'd)

CUSTOM CALLING FEATURES

The following monthly rates are in addition to the rates and charges for the associated service (rates are assessed per line, per month)

	<u>Business</u>	<u>Residential</u>
Call Forwarding:	\$3.50	\$3.23
Busy Call Forwarding:	\$3.50	\$2.75
Delayed Call Forwarding:	\$3.50	\$2.75
Select Call Forwarding:	\$3.50	\$3.23
Remote Access to Call Forwarding:	\$3.50	\$0.95
Call Waiting/Cancel Call Waiting:	\$3.50	\$3.23
Three-Way Calling:	\$3.50	\$3.23
Speed Calling 6:	\$3.50	n/a
Speed Calling 8:	\$3.50	\$3.23
Speed Calling 30:	\$3.50	\$4.65
Intercom:	\$3.50	\$2.37
Intercom Plus:	\$3.50	\$3.80
Distinctive Ringing:	\$3.50	\$3.23
Repeat Dialing:	\$3.50	\$3.23
Call Screen:	\$3.50	\$3.23
Call Return:	\$3.50	\$4.65
Call Trace:	\$3.50	\$4.65
Caller ID:	\$3.50	\$6.17
Caller ID Blocking	no charge	no charge
Anonymous Call Rejection:	n/a	\$1.90 ¹
Call Waiting ID:	n/a	\$3.23
Call Hold:	\$3.50	n/a
Message Waiting Indicator:	\$3.50	n/a
Hunting:	\$3.50	n/a
Call Restriction:	\$3.50	n/a

¹ Provided at no charge with subscription to Caller ID.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

CURRENT PRICES

MISCELLANEOUS SERVICES

A-2 Non-Published Service

Non-Published Service Charge
(per line, per month): \$0.28

A-3 Directory Assistance

1. Directory Assistance (per call): Charge¹
\$0.46

A-4 900/976 Blocking

	<u>Non-Recurring Charge</u>	<u>Monthly Rate</u>
<u>Call Blocking</u>		
Business (per line)	\$5.00	no charge
Residential (per line)	\$4.75	no charge
<u>Remove Call Blocking</u>		
Business (per line):	\$5.00	no charge
Residential (per line):	\$4.75	no charge

A-5. Equal Access

	<u>Nonrecurring Charge</u>
(1) Charge for authorized PIC or IPIC change (per line):	\$5.00
PIC/IPIC Change (change made at the same time to the same IC, CLC or LEC for both interLATA and intraLATA) (per line):	\$7.50
(2) Charge for unauthorized PIC or IPIC change (per line):	\$50.00

¹ A monthly allowance of 3 calls to Directory Assistance for residential Subscribers and 0 calls to Directory Assistance for business Subscribers per line, per month, will be provided. There is no carry over of any unused portion of the Subscriber's allowance from month to month.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

CURRENT PRICES

MISCELLANEOUS SERVICES (Cont'd)

B-1. Service Changes, Discontinuation, Suspension, Restoral - QWEST Service Area

		<u>Charge</u>	
		<u>Business</u>	<u>Residential</u>
1.	Changes, additions, or removal of features (per service order, per line):	\$ 5.00	\$ 4.75
2.	Temporary suspension of service at Customer request (per service):	\$28.50	\$19.00
3.	Restoral charge following temporary suspension (per service):	\$38.00	19.00
4.	Change in telephone number at Customer request (per line):	\$25.00	\$19.00
5.	Change or addition of listing (per listing):	\$ 6.65	\$ 4.75
6.	Discontinuation of service (per line):	\$15.00	\$15.00
7.	Change in Caller ID blocking option:	\$ 5.00 ¹	\$ 5.00 ¹

¹ Blocking option may be changed at no charge one time after initial establishment of service.

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

CURRENT PRICES

INTERCARRIER ARRANGEMENTS

A-2 Switched Access Service

- | | | |
|-----|---|----------|
| a. | <u>Carrier Common Line (PICC)</u>
(per presubscribed line, per month): | \$4.25 |
| b. | <u>Local Switching</u>
(per access minute of use): | \$0.0240 |
| c. | <u>Common Transport</u>
(per access minute of use): | \$0.0005 |
| d. | <u>Toll-Free Database Service</u>
(per query): | \$0.006 |
| e. | <u>Billing Name and Address</u> | |
| i. | Service Establishment: | |
| ii. | BNA Requests: | |
| | a) Per Order | \$10.00 |
| | b) Per Message | \$ 1.00 |

ISSUED:

BY: Don Bean, President
Tri-M Communications, Inc.
dba TMC Communications
1180 Iron Point Road, Suite 210
Folsom, CA 95630

EFFECTIVE:

EXHIBIT C

TRI-M COMMUNICATIONS, INC.
dba TMC COMMUNICATIONS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2000 AND 1999

TRI-M COMMUNICATIONS, INC.
dba TMC COMMUNICATIONS
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

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SOLOMON · ROSS · GREY & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Page 1

To the Board of Directors
TRI-M Communications, Inc.,
dba TMC Communications
Santa Barbara, California

We have audited the accompanying balance sheets of TRI-M Communications, Inc., dba TMC Communications as of December 31, 2000 and 1999, and the related statements of income, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of TRI-M Communication, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRI-M Communications, Inc., dba TMC Communications at December 31, 2000 and 1999 and the results of their operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


SOLOMON · ROSS · GREY & COMPANY, LLP

Encino, California
February 26, 2001

TRI-M COMMUNICATIONS, INC. dba
TMC COMMUNICATIONS
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Cash	\$ 852,544	\$ 219,697
Accounts receivable, net of allowance for doubtful accounts of \$100,000 and \$50,000, respectively	2,290,345	1,910,908
Prepaid expenses and other	24,731	23,279
Prepaid commissions	183,160	154,162
Current portion of note receivable	18,000	18,000
Total Current Assets	<u>3,368,780</u>	<u>2,326,046</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>115,567</u>	<u>208,289</u>
OTHER ASSETS		
Note receivable, net of current portion	4,900	22,900
Deferred income taxes	22,000	28,100
Prepaid expenses and other	6,000	0
Total Other Assets	<u>32,900</u>	<u>22,900</u>
TOTAL ASSETS	<u>\$ 3,517,247</u>	<u>\$ 2,557,235</u>
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,050,340	\$ 1,974,448
Customer deposits	19,700	26,635
Income taxes payable	4,316	2,750
Lines of credit	0	300,000
Note payable	0	131,875
Total Current Liabilities	<u>3,074,356</u>	<u>2,435,708</u>
LONG-TERM LIABILITIES		
Note payable to stockholder	1,520,072	1,620,072
Deferred bonus	29,500	0
Total Long-term Liabilities	<u>1,549,572</u>	<u>1,620,072</u>
Total Liabilities	<u>4,623,928</u>	<u>4,055,780</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock, no par value: 10,000,000 shares authorized, 1,080,000 and 1,083,333 issued and outstanding, respectively	505,211	506,877
Accumulated deficit	(1,611,892)	(1,977,322)
Total Stockholders' Deficit	<u>(1,106,681)</u>	<u>(1,470,445)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 3,517,247</u>	<u>\$ 2,585,335</u>

See Accompanying Notes and Accountants' Report

TRI-M COMMUNICATIONS, INC. dba
TMC COMMUNICATIONS
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>		<u>1999</u>	
REVENUES, NET	\$ 14,215,522	100.00 %	\$ 11,421,897	100.00 %
COST OF REVENUES	<u>8,699,690</u>	<u>61.20</u>	<u>7,531,181</u>	<u>65.94</u>
Gross Profit	5,515,832	38.80	3,890,716	34.06
OPERATING EXPENSES	<u>4,479,072</u>	<u>31.51</u>	<u>3,667,552</u>	<u>32.10</u>
INCOME FROM OPERATIONS	1,036,760	7.29	223,164	1.96
OTHER EXPENSE				
Interest, net	182,630	1.28	201,703	1.77
Repurchase of stock options	<u>180,428</u>	<u>1.27</u>	<u>0</u>	<u>0.00</u>
Total Other Expense	<u>363,058</u>	<u>2.55</u>	<u>201,703</u>	<u>1.77</u>
INCOME BEFORE INCOME TAXES	673,702	4.74	21,461	0.19
INCOME TAXES	<u>11,048</u>	<u>0.08</u>	<u>3,550</u>	<u>0.03</u>
NET INCOME	<u>\$ 662,654</u>	<u>4.66 %</u>	<u>\$ 17,911</u>	<u>0.16 %</u>

TRI-M COMMUNICATIONS, INC. -aba
TMC COMMUNICATIONS
STATEMENTS OF STOCKHOLDERS' DEFICIT
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>Common Stock</u>			
	<u>Shares Issued (Redeemed)</u>	<u>Amount</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Stockholders' deficit, December 31, 1998, before restatement	1,086,000	\$ 508,100	\$ (2,024,556)	\$ (1,516,456)
Prior period adjustment	<u>(2,667)</u>	<u>(1,223)</u>	<u>29,323</u>	<u>28,100</u>
Shareholders' deficit, December 31, 1998, after restatement	1,083,333	506,877	(1,995,233)	(1,488,356)
Net income - 1999	<u> </u>	<u> </u>	<u>17,911</u>	<u>17,911</u>
Stockholders' deficit, December 31, 1999	1,083,333	506,877	(1,977,322)	(1,470,445)
Net income - 2000			662,654	662,654
Distributions to shareholders			(293,391)	(293,391)
Redemptions of stock	<u>(3,333)</u>	<u>(1,666)</u>	<u>(3,833)</u>	<u>(5,499)</u>
Stockholders' deficit, December 31, 2000	<u>1,080,000</u>	<u>\$ 505,211</u>	<u>\$ (1,611,892)</u>	<u>\$ (1,106,681)</u>

See Accompanying Notes and Accountants' Report

TRI-M COMMUNICATIONS, INC. Jba
TMC COMMUNICATIONS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 662,654	\$ 17,911
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	106,370	114,486
Bad debts	102,363	103,168
Loss on sale of equipment	0	(290)
(Increase) decrease in:		
Accounts receivable	(481,800)	(535,590)
Due from affiliate	0	12,316
Prepaid expenses and other	(7,452)	(23,279)
Prepaid commissions	(28,998)	(94,854)
Deferred income tax	6,100	0
Increase (decrease) in:		
Accounts payable and accrued expenses	1,105,392	177,585
Customer deposits	(6,935)	26,635
Income taxes payable	1,566	2,750
Total Adjustments	<u>796,606</u>	<u>(217,073)</u>
Net Cash Provided by (Used in) Operating Activities	<u>1,459,260</u>	<u>(199,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,648)	(10,780)
Proceeds from sale of property and equipment	<u>0</u>	<u>1,090</u>
Net Cash Used in Investing Activities	<u>(13,648)</u>	<u>(9,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on note receivable	0	(40,000)
Principal payments from note receivable	18,000	37,500
Net repayments on line of credit	(300,000)	(200,000)
Proceeds from note payable	0	200,000
Principal payments on note payable	(231,875)	(68,125)
Redemption of stock	(5,499)	0
Distributions to shareholders	(293,391)	0
Proceeds from note payable to stockholder	<u>0</u>	<u>244,000</u>
Net Cash Provided by (Used in) Financing Activities	<u>(812,765)</u>	<u>173,375</u>
NET INCREASE (DECREASE) IN CASH	632,847	(35,477)
CASH BEGINNING OF YEAR	<u>219,697</u>	<u>255,174</u>
CASH END OF YEAR	<u>\$ 852,544</u>	<u>\$ 219,697</u>

See Accompanying Notes and Accountants' Report

TRI-M COMMUNICATIONS, INC. dba
TMC COMMUNICATIONS
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 211,685</u>	<u>\$ 189,852</u>
Income tax	<u>\$ 3,382</u>	<u>\$ 800</u>

See Accompanying Notes and Accountants' Report

TRI-M COMMUNICATIONS, INC. a
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BUSINESS
ACTIVITY

Business Activity

TRI-M Communications, Inc. dba TMC Communications (hereinafter referred to as the "Company") is a provider of long distance telephone services through the use of independent agents throughout the United States. The Company was incorporated in June, 1997. The Company maintains an office in Santa Barbara, California and provides telephone services for both commercial and residential customers.

Accounts Receivable and Allowance For Doubtful Accounts

The Company extends credit to its customers in the normal course of business and performs on-going credit evaluations of its customers and provides allowances for potential credit losses. It is the Company's policy to make their agents responsible for collections on their accounts. Due to this policy, the Company shares the bad debt expense with their agents through withholding of agent commissions and charges to those accounts when amounts become uncollectible.

Property, Equipment and Depreciation

The Company values its property and equipment at cost. Property and equipment are being depreciated using the straight-line and accelerated methods over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Income Taxes

The corporation, with the consent of its stockholders, elected, under the Internal Revenue Service and the laws of the State of California, to become a S corporation. Since the stockholder's of a S corporation are taxed on their proportionate share of the corporation's taxable income, a S corporation is generally not subject to federal income taxes at the corporate level. However, the Company does business nationwide and the various states impose tax on S corporations. Therefore, the only provision for income taxes is for state income taxes.

TRI-M COMMUNICATIONS, INC.
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Stock Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of employee stock options is greater than or equal to the market price of the underlying stock on the date of the grant, no compensation expense is recorded. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 Accounting for Stock-Based compensation (Statement 123).

Advertising Costs

The Company conducts nondirect response advertising. Accordingly, these costs are expensed as incurred. Advertising costs for the years ended December 31, 2000 and 1999 were \$44,748 and \$75,280, respectively.

Reclassifications

Certain reclassifications of 1999 amounts have been made to conform with the 2000 presentation. Such reclassifications had no effect on reported net income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 LINES OF CREDIT

The Company has a revolving line of credit with a bank. The bank will make advances to the Company up to \$500,000 (reduced by any outstanding letters of credit). The line of credit is secured by the Company's assets. Interest is payable monthly and calculated at prime. The interest rate at December 31, 2000 and 1999 was 9.5% and 8.5%, respectively. The line of credit expires May, 2001. At December 31, 2000 and 1999, the Company has borrowings of \$0 and \$300,000, respectively outstanding on the line of credit. In addition, as part of the Company's contract with its supplier of long distance telephone service, the Company maintains a \$500,000 irrevocable standby letter of credit.

TRI-M COMMUNICATIONS, INC. ja
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 LINES OF CREDIT - CONTINUED

The line of credit agreement contains covenants regarding certain financial statement amounts, ratios and activities of the Company. At December 31, 2000, the Company was in compliance with, or obtained waivers for, all such covenants.

Concurrently, as of February 2000, the Company has a revolving line of credit with another bank up to \$200,000. The line is secured by all Company assets. The line is guaranteed by the principal stockholder and \$200,000 of the stockholder note payable is subordinated to the line of credit (see Note 3). Interest is payable monthly and is calculated based on an independent index which is the prime rate as published in the Wall Street Journal. The interest rate at December 31, 2000 was 9.5%. The line of credit matures February 2001. There were no borrowings outstanding at December 31, 2000.

NOTE 3 RELATED PARTY TRANSACTIONS

The Company has borrowed monies from its principal stockholder in order to support its operations. The note calls for quarterly interest payments at 10%. The balance of the note at December 31, 2000 and 1999 was \$1,520,072 and \$1,620,072, respectively. Interest expense for the years ended December 31, 2000 and 1999 was \$152,424 and \$148,260, respectively. The loan is due on demand but it is not the intention of the stockholder to collect the note currently. Accordingly, the balance has been classified as a long-term liability. During 1999, the note was amended in order to increase the maximum loan amount to \$2,000,000.

NOTE 4 PROPERTY AND EQUIPMENT

At December 31, 2000 and 1999, property and equipment consists of the following:

	2000	1999
Equipment	\$ 309,794	\$ 296,146
Furniture	85,299	85,299
Software	50,071	50,071
	445,164	431,516
Accumulated depreciation	(329,597)	(223,227)
Total Property and Equipment, net	<u>\$ 115,567</u>	<u>\$ 208,289</u>

TRI-M COMMUNICATIONS, INC. & CO.
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 5 OPERATING LEASES

The Company leases its facility under a triple net, non-cancelable operating lease expiring June 30, 2001. The lease agreement calls for a monthly base rent of \$9,658 and additional common area charges associated with the cost of the office space. Total rental expense under the lease for the years ended December 2000 and 1999 is \$154,433 and \$145,500, respectively.

NOTE 6 INCENTIVE STOCK OPTION PLAN

The 1997 Tandem Stock Option Plan (the Plan) provides for the granting of either incentive stock options or nonqualified stock options to purchase shares of the Company's stock to officers, directors and key employees responsible for the direction and management of the Company and to non-employee consultants and independent contractors. At December 31, 2000, options for 254,726 shares are available for future awards under the plan. 1,000 options were granted during 2000.

Information related to stock options during 2000 and 1999 is as follows:

	Number of Shares	Option Price Per Share Average	Total
Shares under option at December 31, 2000	<u>245,274</u>	<u>\$ 0.51</u>	<u>\$ 125,137</u>
Shares exercisable at December 31, 2000	<u>207,795</u>	<u>\$ 0.50</u>	<u>\$ 103,898</u>
Shares under option at December 31, 1999	<u>323,285</u>	<u>\$ 0.50</u>	<u>\$ 161,643</u>
Shares exercisable at December 31, 1999	<u>187,835</u>	<u>\$ 0.50</u>	<u>\$ 93,917</u>

The options generally become exercisable in one-third increments at the end of twelve, twenty-four and thirty-six months of consecutive employment with the Company, respectively.

TRI-M COMMUNICATIONS, INC.
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 7 BUSINESS AND CREDIT CONCENTRATIONS

At December 31, 2000 and 1999, before adjustments for outstanding checks and deposits in transit, the Company has approximately \$800,000 and \$600,000, respectively, on deposit with a bank. At December 31, 2000 and 1999, the Company had balances in excess of the \$100,000 insurance coverage provided by the Federal Depository Insurance Corporation ("FDIC") in the amount of approximately \$700,000 and \$500,000, respectively.

The Company currently buys all of its long distance service from two suppliers. Although there are a limited number of providers for these services, management believes that other suppliers could provide similar services on comparable terms. A change in suppliers, however, could cause a delay in service and a possible loss of sales, which would affect operating results adversely.

NOTE 8 INCOME TAXES

The provision for income taxes consists of the following:

	2000	1999
Current	\$ 4,948	\$ 3,550
Deferred	6,100	0
	<u>\$ 11,048</u>	<u>\$ 3,550</u>

At December 31, 2000 and 1999, the Company has \$1,353,293 and \$1,792,200 in state operating loss carryforwards, expiring in 2005. At December 31, 2000, the Company has a deferred tax benefit of \$22,000 and \$28,100 for the tax effects of temporary differences in the reporting of income for financial statement and income tax reporting purposes, and arise principally from net operating loss carryovers, allowances for uncollectible accounts and depreciation. The tax benefit has been classified as long-term as the benefits primarily will be realized in future years. At December 31, 2000 and 1999 no valuation allowance was deemed necessary.

NOTE 9 NOTE RECEIVABLE

The Company has a note receivable from one of their agents for advances made during the year. The agent is making principal payments of \$1,500 per month on the note, which is non-interest bearing. The note is personally guaranteed by the president of the agent's company. At December 31, 2000 and 1999 the balance of the note is \$22,900 and \$40,900, respectively.

TRI-M COMMUNICATIONS, INC.
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 9 NOTE RECEIVABLE - CONTINUED

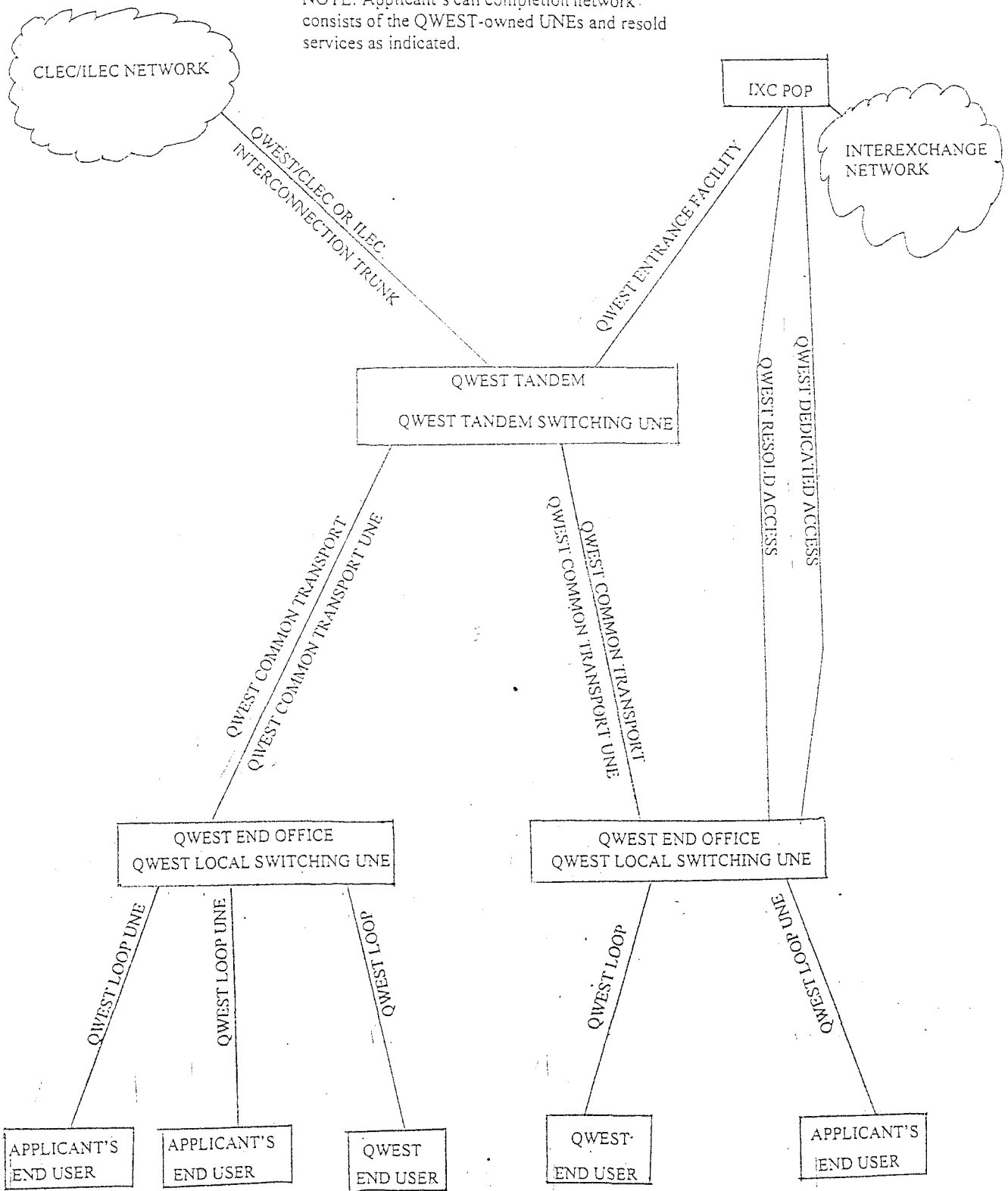
The following is a schedule by years of future payments to be received:

Year ending December 31,	
2001	\$ 18,000
2002	4,900
	<hr/> 22,900
Less current portion	(18,000)
	<hr/> \$ 4,900

EXHIBIT H

BASIC CALL COMPLETION NETWORK DIAGRAM

NOTE: Applicant's call completion network consists of the QWEST-owned UNEs and resold services as indicated.



MEMORANDUM

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APR 23 2002

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

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2002

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DOCUMENT CONTROL

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

DATE: April 22, 2002

RE: IN THE MATTER OF THE APPLICATION OF TRI-M COMMUNICATIONS DBA TMC COMMUNICATIONS FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE LOCAL COMPETITIVE SERVICES AND PETITION FOR COMPETITIVE CLASSIFICATION OF PROPOSED SERVICES WITHIN THE STATE OF ARIZONA (DOCKET NO. T-03714A-01-0805)

Attached is the Staff Report for the above referenced application. The Applicant is applying for approval to provide the following services:

- Facilities-based local exchange services
- Resold local exchange services

Staff is recommending approval of the application following a hearing.

/jfb

Originator: John F. Bostwick

Attachment: Original and Ten Copies

EXHIBIT

tabbies

SERVICE LIST FOR: TRI-M COMMUNICATIONS, INC. DBA TMC COMMUNICATIONS
DOCKET NO. T-03714A-01-0805

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Arizona Corporation Commission
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Ms. Lyn Farmer
Chief Administrative Law Judge
Arizona Corporation Commission
Hearing Division
1200 West Washington
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

TRI-M COMMUNICATIONS DBA TMC COMMUNICATIONS

DOCKET NO. T-03714A-01-0805

IN THE MATTER OF THE APPLICATION OF TRI-M COMMUNICATIONS DBA TMC
COMMUNICATIONS FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE LOCAL COMPETITIVE SERVICES AND PETITION FOR COMPETITIVE
CLASSIFICATION OF PROPOSED SERVICES WITHIN THE STATE OF ARIZONA

APRIL 22, 2002

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STAFF ACKNOWLEDGMENT

The Staff Report for Tri-M Communications, Inc. dba TMC Communications, Docket No. T-03714A-01-0805, was the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of the Applicant's application for a Certificate of Convenience and Necessity to provide facilities-based and resold local exchange services; and petition for a determination that its proposed services should be classified as competitive.



John F. Bostwick
Administrative Services Officer II

1. INTRODUCTION

On October 15, 2001, Tri-M Communications, Inc. dba TMC Communications ("TMC" or "Applicant") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide facilities-based and resold local exchange services within the State of Arizona. The Applicant petitioned the Arizona Corporation Commission ("Commission") for a determination that its proposed services should be classified as competitive.

Staff's review of this application addresses the overall fitness of the Applicant to receive a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive and if the Applicant's initial rates are just and reasonable.

2. THE APPLICANT'S APPLICATION FOR A CERTIFICATE OF CONVENIENCE & NECESSITY

This section of the Staff Report contains descriptions of the geographic market to be served by the Applicant, the requested services, and the Applicant's technical and financial capability to provide the requested services. In addition, this section contains the Staff evaluation of the Applicant's proposed rates and charges and Staff's recommendation thereon.

2.1 DESCRIPTION OF THE GEOGRAPHIC MARKET TO BE SERVED

TMC seeks authority to provide telecommunications services throughout the State of Arizona.

2.2 DESCRIPTION OF REQUESTED SERVICES

TMC proposes to provide facilities-based and resold local exchange services. These services include, but are not limited to the following: directory listings and directory assistance, E911 service, CLASS services, and telephone relay service.

2.3 THE ORGANIZATION

TMC is incorporated under the laws of the State of California and has authority to transact business in Arizona.

2.4 TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

TMC currently offers facilities-based local exchange telecommunications service in the State of California. TMC is authorized to provide resold local exchange telecommunications services in the State of California.

FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

The Applicant did provide audited financial statements for the year ending December 31, 2000. These financial statements list assets of \$3.5 million; negative equity of \$1.1 million; and a net income of \$662,654. The Applicant did provide notes related to the financial statements.

The Applicant stated in its Tariff, Rule 7 page 13, that it does not collect from its customers an advance, deposit, and/or prepayment. Since the Applicant is requesting a CC&N for more than one kind of service, the amount of a performance bond for multiple services is an aggregate of the minimum bond amount for each type of telecommunications services requested by the Applicant. The amount of bond coverage needed for each service is as follows: resold local exchange \$25,000; and facilities-based local exchange \$100,000. The bond coverage needs to increase in increments equal to 50 percent of the total minimum bond amount when the total amount of the advances, deposits, and prepayment is within 10 percent of the total minimum bond amount. Further, measures should be taken to ensure that the Applicant will not discontinue service to its local exchange customers without first complying with Arizona Administrative Code ("AAC") R14-2-1107.

To that end, Staff recommends that the Applicant procure a performance bond equal to \$125,000. The minimum bond amount of \$125,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The bond amount should be increased in increments of \$62,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$12,500 of the bond amount. If the Applicant desires to discontinue local exchange service, it must file an application with the Commission pursuant to AAC R14-2-1107. Additionally, the Applicant must notify each of its local exchange customers and the Commission 60 days prior to filing an application to discontinue service. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond. Staff further recommends that proof of the above mentioned performance bond be docketed within 365 days of the effective date of an Order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

If this Applicant experiences financial difficulty, there should be minimal impact to its customers because there are many other companies that provide resold telecommunications services or the customers may choose a facilities-based provider. If the customer wants service from a different provider immediately, that customer is able to dial a 101XXXX access code. In the longer term, the customer may permanently switch to another company.

2.6 ESTABLISHING RATES AND CHARGES

The Applicant would initially be providing service in areas where an incumbent local exchange carrier ("ILEC"), along with various competitive local exchange carriers ("CLECs") and interexchange carriers are providing telephone service. Therefore, the Applicant would have

to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

Both initial rates (the actual rate to be charged) and a maximum rate must be listed for each competitive service offered, provided that the rate for the service is not less than the Company's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the company and has determined that its fair value rate base is de minimus. Accordingly, the company's fair value rate base is too small to be useful in a fair value analysis. In addition, the rate to be ultimately charged by the company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the company, it did not accord that information substantial weight in its analysis.

3. LOCAL EXCHANGE CARRIER SPECIFIC ISSUES

Since the Applicant intends to provide local exchange service, the issues related to the provision of that service are discussed below.

3.1 DIRECTORY LISTINGS AND DIRECTORY ASSISTANCE

Callers should be able to determine the telephone numbers belonging to customers of alternative local exchange companies, such as the Applicant. Staff recommends that the Applicant file a plan, within 365 days of the effective date of the Order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission, how it plans to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases before it begins providing local exchange service.

3.2 NUMBER PORTABILITY

Another issue associated with the Applicant's proposal to become a competitive local exchange company relates to how telephone numbers should be administered. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Staff recommends that the Applicant pursue permanent number portability arrangements with

other local exchange carriers ("LECs") that are consistent with federal laws, federal rules and state rules.

3.3 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE

The Commission has adopted rules to address maintenance of universal telephone service during and after the transition to a competitive telecommunications services market. The rules contain the terms and conditions for contributions to and support received from telephone service subscribers to finance the Arizona Universal Service Fund ("AUSF"). Under the rules, the Applicant will be required to participate in the financing of the AUSF and it may be eligible for AUSF support. Therefore, Staff recommends that approval of the Applicant's application for a CC&N be conditioned upon the Applicant's agreement to abide by and participate in the AUSF mechanism established by Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498).

3.4 QUALITY OF SERVICE

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for Qwest (f/k/a USWC) in Docket No. T-01051B-93-0183 (Decision No. 59421). Because the penalties that were developed in this docket were initiated only because Qwest's level of service was not satisfactory, Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

3.5 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. In those areas where the Applicant installs the only local exchange service facilities, the Applicant will be a monopoly service provider. In the interest of providing competitive alternatives to the Applicant's local exchange service customers, Staff recommends that the Applicant provide customers served in these areas with access to alternative local exchange service providers. In this way, an alternative local exchange service provider may serve a customer if the customer so desires. With this requirement in place, the Applicant will not be able to exert monopoly power over customers who are located in areas where the Applicant is the only provider of facilities to serve the customer. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated thereunder and Commission rules on interconnection and unbundling.

911 SERVICE

The Applicant has not indicated in its application whether it will provide all customers with 911 and E911 service, where available, or will coordinate with ILECs and emergency service providers to provide the service. Staff believes that the Applicant should be required to work cooperatively with local governments, public safety agencies, telephone companies, the National Emergency Number Association and all other concerned parties to establish a systematic process in the development of a universal emergency telephone number system. Staff recommends that the Applicant be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers before it begins to provide local exchange service, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

3.7 CUSTOM LOCAL AREA SIGNALING SERVICES

In its decisions related to Qwest's proposal to offer Caller ID and other CLASS features in the State, the Commission addressed a number of issues regarding the appropriateness of offering these services and under what circumstances it would approve the proposals to offer them. The Commission concluded that Caller ID could be offered provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, should be provided as options to which customers could subscribe with no charge. The Commission also approved a Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, which indicates that the number has been blocked. The Commission further required that Qwest engage in education programs when introducing or providing the service(s).

Staff recommends that the Applicant be required to abide by all the Commission decisions and policies regarding Caller ID and other CLASS services. However, Staff does not believe that it is necessary for the Applicant to engage in the educational program that was ordered for Qwest as long as customers in the areas where the Applicant intends to serve have already been provided with educational material and are aware that they can have their numbers blocked on each call or at all times with line blocking.

3.8 EQUAL ACCESS FOR INTEREXCHANGE CARRIERS

Although the Applicant did not indicate that its switch will be "fully equal access capable" (i.e. would provide equal access to interexchange companies), the Commission requires local exchange companies to provide 2-Primary Interexchange Carriers ("2-PIC") equal access. 2-PIC equal access allows customers to choose different carriers for interLATA and intraLATA toll service and would allow customers to originate intraLATA calls using the preferred carrier on a 1+ basis. Staff recommends that the Applicant be required to provide 2-PIC equal access.

COMPETITIVE SERVICES ANALYSIS

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive. The Applicant has published legal notice of the application in all counties in which it requests authorization to provide service. The Applicant has certified that all notification requirements have been completed. Staff's analysis and recommendations are discussed below.

4.1 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES

4.1.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.

The analysis of the market for local exchange service that the Applicant seeks to enter must take into account the fact that there are two local exchange service submarkets. The first is the local exchange service market that consists of locations where ILECs currently provide service. The second local exchange service market consists of locations within ILECs' service territories where ILECs are authorized to provide local exchange service, but where they do not actually provide service.

The local exchange market that the Applicant seeks to enter is one in which a number of new CLECs have been authorized to provide local exchange service. Nevertheless, ILECs hold a virtual monopoly in the local exchange service market. At locations where ILECs provide local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with those companies in order to obtain customers. In areas where ILECs do not serve customers, the Applicant may have to convince developers to allow it to provide service to their developments. Staff recommends that, in those instances where the Applicant provides the only facilities used to provide telecommunications service, that the Applicant be required to allow other local exchange companies to use those facilities to serve customers who wish to obtain service from an alternative provider pursuant to federal laws, federal rules and state rules.

4.1.2 The number of alternative providers of the service.

Qwest and various independent LECs are the primary providers of local exchange service in the State. Several CLECs and local exchange resellers are also providing local exchange service.

4.1.3 The estimated market share held by each alternative provider of the service.

Since Qwest and the independent LECs are the primary providers of local exchange service in the State, they have a large share of the market. Since the CLECs and local

exchange resellers have only recently been authorized to offer service they have limited market share.

4.1.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.

None.

4.1.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

4.1.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The local exchange service market is:

- a. One in which ILECs own networks that reach nearly every residence and business in their service territories and which provide them with a virtual monopoly over local exchange service. New entrants are also beginning to enter this market.
- b. One in which new entrants will be dependent upon ILECs:
 1. To terminate traffic to customers.
 2. To provide essential local exchange service elements until the entrant's own network has been built.
 3. For interconnection.
- c. One in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market and one in which new entrants do not have a long history with any customers.
- d. One in which Qwest provides a quality of service that has generated a significant number of complaints. These complaints led the Commission to adopt service quality rules that contain penalties if the service quality standards are not met. A provider of alternative service, such as the Applicant, should provide Qwest--as well as other incumbents--with the incentive to produce higher quality service including service installation and repair on a timely basis.

- e. One in which most customers have few, if any choices since there is generally only one provider of local exchange service in each service territory.
- f. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

5. RECOMMENDATIONS

The following sections contain the Staff recommendations on the Applicant's Application for a CC&N and the Applicant's Petition for a Commission Determination that its Proposed Services Should be Classified as Competitive.

5.1 RECOMMENDATIONS ON THE APPLICANT'S APPLICATION FOR A CC&N

TMC is incorporated under the laws of the State of California and has authority to transact business in Arizona. TMC currently offers facilities-based local exchange telecommunications service in the State of California. TMC is authorized to provide resold local exchange telecommunications services in the State of California. The Applicant has demonstrated that it has the capability to provide its proposed services, as requested, and the provision of these would merely be an extension of its current activities elsewhere. Therefore, Staff recommends that the Applicant's application for a CC&N to provide intrastate telecommunications services, as listed in Section 2.2 of this Report, be granted subject to the following recommendations:

1. That, unless it provides services solely through the use of its own facilities, the Applicant procure an Interconnection Agreement, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission, before being allowed to offer local exchange service;
2. That the Applicant file with the Commission, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission, its plan to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases;
3. That the Applicant pursue permanent number portability arrangements with other LECs pursuant to Commission rules, federal laws and federal rules;
4. That the Applicant agree to abide by and participate in the AUSF mechanism instituted in Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498);
5. That the Applicant abides by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183;

6. That in areas where the Applicant is the sole provider of local exchange service facilities, the Applicant will provide customers with access to alternative providers of service pursuant to the provisions of Commission rules, federal laws and federal rules;
7. That the Applicant be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission;
8. That the Applicant be required to abide by all the Commission decisions and policies regarding CLASS services;
9. That the Applicant be required to provide 2-PIC equal access;
10. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's address or telephone number;
11. That the Applicant comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service;
12. That the Applicant maintain its accounts and records as required by the Commission;
13. That the Applicant file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate;
14. That the Applicant maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require;
15. That the Applicant cooperate with Commission investigations of customer complaints;
16. That the Applicant participates in and contributes to a universal service fund, as required by the Commission; and
17. The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the company and has determined that its fair value rate base is de minimus. Accordingly, the company's fair value rate base is too small to be useful in a fair value analysis. In addition, the rate to be ultimately charged by the company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the company, Staff recommends that the fair value information provided not be given substantial weight in this analysis.

Staff further recommends that the Applicant's application for a CC&N to provide intrastate telecommunications services should be granted subject to the following conditions:

1. The Applicant be ordered to file conforming tariffs within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first, and in accordance with the Decision;
2. In order to protect the Applicant's customers,
 - a. the Applicant should be ordered to procure a performance bond equal to \$125,000;
 - b. the minimum bond amount of \$125,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The bond amount should be increased in increments of \$62,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$12,500 of the bond amount;
 - c. if the Applicant desires to discontinue service, it should file an application with the Commission pursuant to AAC R14-2-1107;
 - d. the Applicant should be required to notify each of its local exchange customers and the Commission 50 days prior to filing an application to discontinue service; and any failure to do so should result in forfeiture of the Applicant's performance bond; and
 - e. proof of the performance bond should be docketed within 365 days of the effective date of an Order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.
3. If any of the above timeframes are not met, the Applicant's CC&N shall be null and void without further Order of the Commission and no time extensions for compliance shall be granted.

5.2 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange service markets. Therefore, the Applicant currently has no market power in the local exchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.

Staff further recommends that the Applicant be subject to the Commission's rules governing interconnection and unbundling and the 1996 Telecommunications Act and the rules promulgated thereunder. In the event that the Applicant provides essential services or facilities that potential competitors need in order to provide their services, the Applicant should be required to offer those facilities or services to these providers on non-discriminatory terms and conditions pursuant to federal laws, federal rules, and state rules.